TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

No. 178.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION, APPELLANT,

vs.

F. SCHUCHARDT, LAWRENCE WELLS, AND EDWARD L. WELLS, AS F. SCHUCHARDT & SONS AND C. CAVAROC & SON.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF LOUISIANA.

FILED OCTOBER 11, 1875.

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1 *Bill of complaint.—Filed December* 1, 1873.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association, Nicholas W. Casey, substituted as receiver,
vs.
F. SCHUCHARDT & SONS ET ALS.
} No. 7074. In equity

To the honorable the judges of the circuit court of the United States for the district of Louisiana:

John Cockrem, of the city of New Orleans, and a citizen of the State of Louisiana, brings this his bill of complaint against the commercial partnership of C. Cavaroc & Son, located and doing business at said city of New Orleans, and against Charles Cavaroc, senior, and Charles Cavaroc, junior, the individual members of said firm, also citizens of said State, residing in New Orleans aforesaid: and against the firm of F. Schuchardt & Sons, and Frederick Schuchardt, Lawrence Wells, and Edward Wells, the individuals composing said firm, each of whom reside in and are citizens of the State of New York.

And thereupon your orator complains, and says that he is the duly appointed and qualified receiver of the New Orleans National
2 Banking Association, a body-corporate, duly constituted and created under and by virtue of an act of Congress entitled "An act to provide a national currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," approved June 3d, 1864; that he was duly appointed such receiver in accordance with the provisions of said act, and the acts amendatory thereof, and in his said capacity brings this his bill.

Humbly complaining, your orator respectfully shows to your honors that on and before the first day of September, 1873, said New Orleans National Banking Association was engaged in the banking business at the city of New Orleans, Louisiana, and although in failing circumstances continued to carry on such business until on or about the 4th day of October, 1873, when said association altogether failed and suspended payment, and ceased to do any further business as a bank, and on the 27th day of October, 1873, passed into the management and control of your orator as receiver as aforesaid. That upon the said first day of September, 1873, said New Orleans National Banking Association was actually insolvent, and long prior thereto had been in a state of insolvency, and ever since then hath been insolvent, and committed various acts of insolvency; that the fact of said insolvency and acts of insolvency were well known to the president and directors thereof, and to the said defendants. That on or about the time of the final suspension of said association, as aforesaid, the said Charles Cavaroc, senior, defendant, being then and there president of the board of directors of said association, and as such entrusted with the management and control of its affairs, together with the directors and officers thereof, although well knowing the
3 insolvency of said corporation, with the unlawful intent to prefer the defendants, F. Schuchardt & Sons, alleged creditors of said association, contrary to the provisions of said act of Congress, did unlawfully transfer and deliver to the said defendants, C. Cavaroc & Son, or to the individual members thereof, bills receivable, notes, securities, and assets belonging to said association, amounting to at least the value of sixty thousand and thirty-two and 71-100 dollars, among which securities and assets are included the bills, notes, and securities set forth and described in the Exhibit A, hereto annexed and made a part

of this bill of complaint, and placed the same in the custody and under the control of said defendants, C. Cavaroc & Son, who now hold the same or the proceeds thereof in their possession and control, and refuse to deliver the same to your orator, although he, in his said character and capacity as receiver aforesaid, has demanded of said defendants that they so deliver the same to him.

And your orator further shows unto your honors that he has no means of ascertaining whether the bills, notes, and assets of said banking association, named and set forth in Exhibit A, are all of the assets of said association now in the possession of said defendants, or which have been in their possession since the first day of September, 1873, and needs the aid of this honorable court to compel said defendants to make full, true, and complete discovery of all and singular the property of said association in their possession at any time, and what disposition they have made thereof.

And your orator further shows that the said defendants, C.
4 Cavaroc & Son, pretend to act as trustees for the defendants, F. Schuchardt & Sons, and that said F. Schuchardt & Sons claim and pretend, and said defendants, C. Cavaroc & Son, claim and pretend that they have some title to or right in said assets and property, and that they have the right and authority to detain the same from your orator, and that they hold the same as pledged to F. Schuchardt & Sons, with the right to collect or to sell at public or private sale all of the said assets so in their possession, and to apply the proceeds to the payment of an alleged indebtedness of said association to said F. Schuchardt & Sons; and your orator fears, and has good reason to fear, that unless restrained by the orders of this honorable court, that they will so collect or dispose of said notes, assets, etc., and unlawfully withdraw the same from the administration of your orator as receiver as aforesaid, and deprive other creditors of said banking association of the ratable and equitable share therein, to which they are in law and equity entitled.

And your orator further shows unto your honors that at the time said defendants so took into their possession said assets of said banking association, as aforesaid, they and each of them well knew that said association was insolvent, and that said assets were a portion of the portfolio of said association, and as such the just and equitable security of all of the creditors thereof.

And your orator further shows that he is advised and believes that, as receiver of the said banking association, he is not only entitled to administer all the assets of said association, but to the scrutiny and investi-
5 gation of the claims of all the creditors thereof before the same are finally adjusted, and any distribution of the assets of said association made. And your orator is further advised and informed and avers the fact to be, that any and all pretense of title, or right of possession set up or asserted by said defendants is null and void, because said securities and assets were unlawfully set over and transferred to the possession of said defendants, not only after said banking association had committed various acts of insolvency, but when its officers were contemplating the insolvency thereof, and so transferred said securities and assets to said defendants, with a view to secure said F. Schuchardt & Sons over other creditors of said banking association, entitled in law and equity to the same consideration and protection, contrary to the provisions of said act of Congress of June 3d, 1864, and particularly of the fifty-second section thereof; and with a view to prevent the application of such assets in the manner provided in said act;

of all which said defendants, at the time of the transfer of said assets, were and still are well aware.

And your orator shows that he has a right to the restoration of said assets, and to the administration thereof; that he has demanded of said defendants, C. Cavaroc & Son, that they deliver all of said property to him, as in law and equity they should.

But now so it is, may it please your honors, that the said defendants, combining and confederating with divers other persons or corporations at present unknown to your orator, whose names when discovered your orator prays he may be at liberty to insert herein, with apt words to charge them as parties defendant hereto, absolutely refuse to comply with such demand.

6 In consideration whereof, and forasmuch as your orator can have adequate relief in the premises only in this honorable court, where such matters are properly cognizable and relievable: To the end, therefore, that the said defendants herein and said other parties defendant, when discovered, may, if they can, show why your orator should not have the relief hereby prayed, and may upon their several and respective corporeal oaths, and according to the best and utmost of their several respective knowledge, information, and belief, full, true, direct, and perfect answers make in the premises, and to such of the several interrogatories hereinafter mentioned and set forth as by the note hereunder written, that is to say:

1st. Whether it is true that you or either of you have or had in your possession and control the bills, notes, and securities named and set forth in "Exhibit A," annexed to this bill, or some portion thereof. If yea, state when the same came into your possession, for what purpose, and what interest or right to the possession or control thereof do you possess.

2d. Whether you claim the right to sell, collect, or otherwise convert the said securities, being a portion of the assets of the New Orleans National Banking Association, and apply the same, or the proceeds thereof, to the payment of any creditor of said bank. If yea, state when and from whom, at what time and in what form or manner you acquired such authority.

3d. Whether you or either of you have collected or sold any bill, note, or other security placed in your hands by said New Orleans National Banking Association, or any of its officers, since the first day of

7 September, 1873. If yea, state in what manner you have disposed of the proceeds of such collection or sale, to whom you have paid the same, and for what purpose or consideration.

4th. Whether you have now, or have at any time since the first of September, A. D. 1873, received from the New Orleans National Banking Association any other or different bills, notes, or other securities than described in said "Exhibit A." If yea, state the date when received, what security, and in what manner you have disposed of the same.

The premises considered, your orator prays that your honors will grant and allow unto him the most gracious writ of injunction, directed to said defendants and each and all of them, their several agents and attorneys, inhibiting and restraining them and each of them, during the pendency of this action, from in any manner selling, either at public or private sale, any part or portion of any bills, notes, or assets of the said New Orleans National Banking Association, of any form whatsoever, which they or either of them hold in their possession or control, as alleged in this bill of complaint, either as set forth in "Exhibit A,"

or which they or either of them may hold, either for their own benefit or for the benefit or security of any creditor or creditors of said banking association, by any title less than absolute ownership for full price paid therefor; and from converting to their own use, or mixing with their own funds, or paying out to any person or for any person, and from removing beyond the jurisdiction of this court any money which they or either of them may receive, resulting from the disposal or collection of any of said bills, notes, or assets of said banking asso-
8 ciation, and from doing any other act in relation thereto, except such as may become necessary to fix the liability of sureties and endorsers.

And your orator further prays that your honors, pending a motion for such injuction and the hearing thereof, will grant and allow an order restraining said defendants, and each of them, to the full extent and effect as above prayed for, as your orator verily believes that unless said defendants are so restrained said defendants will appropriate the proceeds of the sale or collection of said bills, notes, and assets to the payment of said pretended demand against said banking association, and work irreparable injury to the general creditors thereof; and that upon the hearing of this cause said injunction be made perpetual.

And your orator further prays that, after due proceedings had, your honors do further adjudge, decree, and order the said defendants, each and all of them, to render a full, true, and correct discovery, statement, and account of all and singular of said notes, assets, and securities so received by them, as well as all and singular the proceeds thereof or any part thereof, in money or other valuable thing, which may have come into their possession or the possession of either of them, from the redemption, payment, sale, or exchange thereof; and that they may, collectively and severally, be ordered to deliver the same to your orator to be marshaled with the assets of said New Orleans National Banking Association and administered by your orator in his said capacity, in the manner directed by law, and for the general benefit of all of the creditors thereof, in the order in which the law directs that the same shall be paid.

9 And may it further please your honors to grant unto your orator writs of subpœna of the United States of America, issued in due form of law, directed to the said defendants, the commercial firm of C. Cavaroc & Son, and to Charles Cavaroc, senior, and Charles Cavaroc, junior, the individual members composing said firm, and to the commercial firm of F. Schuchardt & Sons, and to Frederick Schuchardt and Lawrence Wells and Edward Wells, the individuals composing said firm, commanding them and each of them, on a day certain to be named therein, and a certain penalty, to be and appear in this honorable court, and then and there to answer all and singular the premises, and stand to, abide, and perform such order, direction, and decree as may be made against them.

And that your orator have such other and further relief in the premises as the nature of the circumstances of the case may require, and to this honorable court shall seem meet and just; and your orator, as in duty bound, will ever pray.

J. D. ROUSE,
Solicitor for Complainant.
J. R. BECKWITH,
Counsel.

UNITED STATES OF AMERICA,
District of Louisiana, ss:

John Cockrem, being first duly sworn, deposeth and saith that he is the complainant in the foregoing bill named, and has read the same and knows the contents thereof; that the said bill is true of his own knowledge, except as to such matters as therein stated to be on his information and belief, and that as to all such matters he believes it to be true as therein set forth, and further saith not.

JOHN COCKREM.

Sworn to and subscribed before me this 1st Dec., 1873.

F. B. VINOT,
U. S. Commissioner.

NOTE.—The defendants, each and all of them, are required to answer the interrogatories in the foregoing bill of complaint mentioned, numbered respectively 1, 2, 3, and 4.

J. D. ROUSE, *Solicitor.*
J. R. BECKWITH, *Counsel.*

ORDER.—Let defendants show cause on 16th inst., at 11 a. m., why an injunction should not issue as prayed for; and in the mean time let the defendants be restrained as prayed for.

E. H. DURELL, *Judge.*

EXHIBIT A.

List of notes, bills, and securities transferred by the N. O. National Banking Association to Mess'rs C. Cavaroc & Son for account of Mess'rs F. Schuchardt & Sons.

Eugene Potet	due	Oct.	19th,	1873	$900 00
Gueblé & Nippert	"		21st,	"	162 45
P. Rideau	"		22d,	"	162 21
H. F. Given & Co	"		23d,	"	823 26
D'r C. M. Heyraerts	"		23d,	"	292 96
P. Cusachs, (gold)	"		28th,	"	1,020 00
Jos. David, (gold)	due	Nov.	1st,	"	1,441 80
Warren, Atkinson & Co	"		1st,	"	225 26
A. LeCreton	"		3d,	"	4,000 00
Phi. Guesnon	"		3d,	"	170 00
J. Lebé	"		3d,	"	506 66
Capt. Val. S't Ceran	"		3d,	"	182 57
Tho's M. D. Davidson	"		3d,	"	231 55
Jos. Dreyfus	"		3d,	"	1,825 70
Geo. B. Stone	"		4th,	"	50 00
L. A. Friedman	"		6th,	"	317 65
G. A. Lanaux	"		8th,	"	1,200 00
E. Lougarre	"		12th,	"	295 99
P. Cusachs, (gold)	"		18th,	"	2,689 00
Thomas Schorr	"		20th,	"	750 00
E. F. Mioton	due	Dec.	7th,	"	5,000 00
"	"		7th,	"	5,000 00
"	"		7th,	"	5,000 00
P. S. Wiltz & Co	"		12th,	"	6,250 00
P. S. Wiltz & Co	"		14th,	"	6,250 00
Jno. Williams & Sons	"		19th,	"	11,995 83
L. A. Lyons & Bass	due	Dec.	4th,	1874	3,289 82
					$60,032 71

12 *Subpœna in chancery to F. Schuchardt & Sons.—Issued December 1st, 1873.*

UNITED STATES OF AMERICA:

The President of the United States to the marshal of the district of Louisiana, greeting:

You are hereby commanded to summon the firm of F. Schuchardt & Sons, composed of Frederick Schuchardt, Lawrence Wells, and Edward Wells, citizens of the State of New York, to appear before the honorable the judges of the fifth judicial circuit, of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against the said firm et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said firm of F. Schuchardt & Sons et als. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

13 Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United of America, this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendants are hereby notified that they are required to enter their appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received Dec. 2d, 1873, by the U. S. marshal, and, after diligent search and inquiry, the within-named F. Schuchardt & Sons, composed of Frederick Schuchardt, Lawrence Wells, and Edward Wells, could not be found within the district of Louisiana.

(Signed) S. W. REED,
D'y U. S. Marshal.

14 *Subpœna in chancery to Fred. Schuchardt.—Issued Dec. 1st, 1873.*

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon Frederick Schuchardt, individually and as a member of the firm of F. Schuchardt & Sons, and a citizen of the State of New York, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said firm of F. Schuchardt & Sons et al. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of
15 the Supreme Court of the United States of America, this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received Dec. 2d, 1873, by the U. S. marshal, and after diligent search Fred. Schuchardt, named herein, could not be found.

(Signed) S. W. REED,
D'y U. S. Marshal.

Subpœna in chancery to Edw. Wells.

UNITED STATES OF AMERICA:

The president of the United States to the marshal for the district
16 of Louisiana, greeting:

You are hereby commanded to summon Edward Wells, individually and as a member of the firm of F. Schuchard & Sons, and a a citizen of the State of New York, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said firm of F. Schuchard & Sons et als. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 1st day of December, in the year of our Lord one thousand eight hundred and
17 seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendants is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874: otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received Dec. 2d, 1873, and after diligent search and inquiry for the within-named Edward Wells, I was unable to find him within the district of Louisiana.

(Signed.) S. W. REED,
D'y U. S. Marshal.

Subpœna in chancery to Lawrence Wells.—Issued Dec. 1st, 1873.

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

18 You are hereby commended to summon Lawrence Wells, individually and as a member of the firm of F. Schuchardt & Sons, and a citizen of the State of New York, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said firm of F. Schuchardt & Sons & als. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

19 The defendant is hereby notified to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Rec'd Dec. 2d, 1873, by the U. S. marshal, and after diligent search and inquiry for the within-named Lawrence Wells, I was unable to find him within the district of Louisiana.

(Signed.) S. W. REED,
D'y Marshal.

Subpœna in chancery to C. Cavaroc & Son.—Issued December 1st, 1873.

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon the commercial firm of C. Cavaroc and Son, composed of Cha's Cavaroc, senior, and Cha's
20 Cavaroc, junior, of the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against said firm et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said C. Cavaroc & Son et als. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
Dy Clerk.

The defendants are hereby notified that they are required to
21 enter their appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
Dy Clerk.

Marshal's return.

Rec'd Dec. 2d, 1873, and on same day, month, and year, served a copy of within subpœna in chancery on C. Cavaroc & Son, named herein, by handing the same to C. Cavaroc in person.

New Orleans, Dec. 6th, 1873.

(Signed) S. W. REED,
Dy U. S. Marshal.

Subpœna in chancery to C. Cavaroc, s'r.—Issued Dec. 1st, 1873.

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon Charles Cavaroc, senior, individually and as a member of the commercial firm of C. Cavaroc
22 & Son, and a citizen of the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said C. Cavaroc & Son et al. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
Dy Clerk.

23 The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
Dy Clerk.

Marshal's return.

Rec'd Dec. 2d, 1873, and on the same day, month, and year, served a copy hereof on Cha's Cavaroc, s'r, by handing the same to him in person.

(Signed) S. W. REED,
Dy Marshal.

Subpœna in chancery to C. Cavaroc, j'r.—Issued Dec. 1st, 1873.

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commanded to summon Charles Cavaroc, j'r, individually and as a member of the commercial firm of C. Cavaroc & Son
24 and a citizen of the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him et al., wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and C. Cavaroc & Son et al. are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America this 1st day of December, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of America Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendant is hereby notified that he is required to enter his
25 appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Rec'd Dec. 2d, 1873, and on same day, month, and year served a copy of within subpœna in chancery on Ch's Cavaroc, j'r, named herein, by handing the same to him in person.

New Orleans, Dec. 6th, 1873.

(Signed) S. W. REED,
D'y U. S. Marshal.

Rule for injunction.—Extract from the minutes.

UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit, and district of Louisiana.
November term, A. D. 1873.

NEW ORLEANS, *Thursday 4th of Dec'r*, 1873.

Court met pursuant to adjournment.

Present, the Hon E. H. Durell, dist. judge.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Ass'n,
vs.
F. SCHUCHARDT & SONS ET ALS. } No. 7074.

26 On motion of J. D. Rouse and J. R. Beckwith, solicitors for the complainant, ordered that the defendants show cause on the 16th instant, at 11 a. m., why an injunction should not issue as prayed for, and in the mean time let the defendants be restrained as prayed for.

CLERK'S OFFICE.

I certify the foregoing to be a true copy of the original record in this office.

Witness my hand and seal of said court, at the city of New Orleans, this 5th day of Dec., 1873.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received Dec. 5th, 1873, by the U. S. marshal, and on the 10th day of December, 1873, served a copy hereof on C. Cavaroc, s'r, C. Cavaroc, j'r, each personally. F. Schuchardt & Sons could not be found.

December 16th, 1873.

(Signed) S. W. REED,
D'y U. S. Marshal.

27 *Order restraining defendants.—Annexed to bill of complaint.*

Let defendants show cause on 16th inst., at 11 a. m., why an injunction should not issue as prayed for, and in the mean time let the defendants be restrained as prayed for.

(Signed) E. H. DURELL, *Judge.*

Restraining order.—Issued December 5th, 1873.

UNITED STATES OF AMERICA:

Circuit court of the United States, fifth judicial circuit, & district of La.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Ass'n,
vs.
F. SCHUCHARDT & SONS ET ALS. } No. 7074.

The President of the United States to C. Cavaroc & Son, Charles Cavaroc, s'r, and Charles Cavaroc, j'r, individually and as members of said firm of C. Cavaroc & Son, F. Schuchardt & Sons, Frederick Schuchardt, Lawrence Wells, and Edward Wells, individually and as members of said firm of F. Schuchardt & Sons, greeting:

28 Whereas it has been represented unto us, in our said circuit court, on the part of John Cockrem, receiver of the New Orleans National Banking Association, in a bill in equity lately exhibited against you and each of you touching certain matters and things therein set forth;

And whereas the honorable Edw. H. Durell, one of the judges of our said court, upon due consideration thereof, has made and allowed an order in said cause whereby you and each of you are required to show cause on the 16th instant, at 11 a. m., why an injunction should not issue as prayed for in said bill of complaint;

And whereas the said judge has granted and allowed an order restraining you and each of you, immediately and forthwith, and during the pendency of said motion for an injunction, to the full extent and effect as prayed for in said bill of complaint:

Now, therefore, in consideration of the premises and of the allegations

in said bill contained, you, the said C. Cavaroc & Son, Charles
29 Cavaroc, senior, Charles Cavaroc, junior, F. Schuchard and Sons, Frederick Schuchard, Lawrence Wells, and Edward Wells, your agents, attorneys, and servants, and each of you, are hereby commanded and strictly enjoined, under the penalty of the law, that you and each of you absolutely refrain and desist from in any manner selling, either at public or private sale, any part or portions of any bills, notes, and assets of said New Orleans National Banking Association, of any form whatsoever, which you, or either of you, hold in your possession or control, as alleged in said bill of complaint, either as set forth in Exhibit A (annexed to said bill) or which you or either of you may hold either for your own benefit or for the benefit or security of any creditor or creditors of said New Orleans National Banking Association, by any title less than absolute ownership for full price paid therefor, and from
30 converting to your own use, or mixing with your own funds, or paying out to any person, or for any person, and from removing beyond the jurisdiction of this court any money which you or either of you may receive, resulting from the disposal or collection of said bills, notes, or assets of said New Orleans National Banking Association, and from doing any other act in relation thereto except such as may become necessary to fix the liabilities of sureties and endorsers.

And that you, the said commercial partnership of C. Cavaroc & Son, Charles Cavaroc, senior, and Charles Cavaroc, junior, the firm of F. Schuchardt and Sons, Frederick Schuchardt, Lawrence Wells, and Edward Wells, your agents, attorneys, and servants, and each of you, remain so inhibited and restrain' by said order until the further order of our said court in the premises.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 5th day of December, A. D. 1873, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT, *D'y Clerk.*

Marshal's return thereon.

Received Dec. 5, 1873, by the U. S. marshal, and on the 6th day of the same month and year served a copy hereof on C. Cavaroc & Son by handing the same to C. Cavaroc, s'r, in person in this city; C. Cavaroc, s'r, personally; C. Cavaroc, j'r, served with a copy hereof on the 6th December, 1873, by handing the same to him in person in this city. The other defendants named within could not be found.

(Signed) S. W. REED, *D'y Marshal.*

31 *Rule to appoint a receiver.—Extract from the minutes of Dec. 8th,* 1873.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARD ET AL. } No. 7074.

On motion of J. D. Rouse & J. R. Beckwith, solicitors for complainant, it is ordered that the defendants herein do show cause on Tuesday, the 16th instant, at 11 a. m., why a receiver should not be appointed to take possession of and collect the assets now in defendants' possession, mentioned in complainant's bill of complaint, and hold the same pendente lite, subject to the order of this hon. court.

Continuance of rules.—Extract from the minutes, November term, 1873.

NEW ORLEANS, *Tuesday, Dec. 16th,* 1873.

Court met pursuant to adjournment.
Present, Hon. E. H. Durell, dist. judge.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARDT & ALS. } No. 7074.

32 By consent of counsel, the *the* rules for injunction in above cases are continued till Friday, 19th inst., at 11 a. m.

Continuance of rules.—Extract from the minutes of Dec. 19th, 1873.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

By consent of counsel the rule and question of injunction in above case is continued, to be re-assigned hereafter. Motion & order time to plead extended. Extract from the minutes of Jan'y 31st, 1874.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARD & SONS. } No. 7074.

On motion of F. Fuselier and Billings & Hughes, solicitors for respondents C. Cavaroc & Son, ordered that respondents C. Cavaroc & Son have until 10th Feb'uary, 1874, in which to plead, demur, or answer to the bill of complaint herein.

Demurrer.—Filed Feb'uary 11th, 1874.

JOHN COCKREM, RECEIVER OF THE N. ORLEANS National Banking Asssociation, *vs.* F. SCHUCHARDT & SONS. } No. 7074. In equity.

33

In the circuit court of the United States for the fifth circuit and district of Louisiana.

The demurrer of the firm of C. Cavaroc & Son, and Charles Cavaroc, s'r, and Charles Cavaroc, j'r, members of said firm, defendants, to the bill of complaint of John Cockrem, receiver of the New Orleans National Banking Association, complainant.

These defendants, respectively, by protestation, not confessing or acknowledging all or any of the matters and things in the said bill of complaint to be true in such manner and form as the same are therein and hereby set forth and alleged, do demur to the said bill, and for cause of demurrer showeth: That it appears by the said bill against the firm of F. Schuchardt & Sons, and Frederick Schuchardt, and Lawrence Wells, and Edwards Wells, members of said firm, residing in New York, for matters and causes concerning which it does not
34 appear by the said bill that these defendants severally have, as

among themselves and with the said firm of Schuchard & Sons, and with the several defendants composing the said firm, any joint or common interest or concern; wherefore, and for divers good causes of demurrer appearing in the said bill of complaint, these defendants respectively do demur to the said bill, and to all the matters and things therein contained, and prays the judgment of the court, whether they shall be compelled to make any further or other answer to the said bill, and they pray to be hence dismissed with their costs in this behalf sustained.

(Signed) BILLINGS & HUGHES,
FERGUS FUSELIER,
Solicitors for Defendants.

I certify that, in my opinion, the foregoing demurrer is well founded in point of law.

(Signed) AUG. DEB. HUGHES.

The foregoing demurrer is not interposed for purposes of delay.

(Signed) C. CAVAROC.
(") C. CAVAROC, J'R.

35 Sworn to and subscribed before me this 11th Feb'uary, 1874.

(Signed) F. B. VINOT,
U. S. Comm'r.

Entry in chancery order-book.—Feb'uary 11th, 1874.

JOHN COCKREM, REC'R OF N. O. NAT. B'K'G ASS'N, *vs.* F. SCHUCHARDT ET AL. & SONS. } No. 7074.

The firm of C. Cavaroc & Son, and Charles Cavaroc, s'r, and Charles Cavaroc, j'r, members of said firm, have this day filed their demurrer to complainant's bill of complaint.

Motion & order rule fixed.—Extract from the minutes.

NEW ORLEANS, *Monday, Feb'uary 16th*, 1874.

Court met pursuant to adjournment.
Present, Hon. W. B. Woods, circuit judge.
" " E. H. Durell, dist. judge.

JOHN COCKREM, REC'R, *vs.* SCHUCHARDT ET AL. } No. 7074.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for complainant, it is ordered that the rule heretofore taken for an injunction
36 pendente lite, and the appointment of a receiver in this suit, be assigned for trial on Saturday next, the 21st instant, at 11 a. m., and that defendants be notified thereof.

Order demurrer fixed.—Extract from chancery order-book, Feb'uary 19th, 1874.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Ass'n, *vs.* F. SCHUCHARD & SONS ET ALS. } No. 7074.

The complainant, by his solicitor', J. D. Rouse and J. R. Beckwith, moving the same, it is ordered that the demurrer of the defendants Cavaroc & Son be set down for argument on Saturday next, the 21st instant.

Motion & order marshal have leave to amend return on subpœna in chancery.—Extract from the minutes of Feb'y 19th, 1874.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARDT & SONS ET ALS. } No. 7074.

On motion of J. R. Beckwith, esq., on behalf of the U. S. mar-
37 shal, ordered that said marshal have leave to amend his return on the subpœnas addressed to Edward Wells, F. Schuchardt & Sons, and Lawrence Wells, def'ts in this case.

38 *Affidavit of Charles Cavaroc, s'r, filed February 21, 1874.*

United States circuit court. In chancery.

JOHN COCKREM, RECEIVER NEW ORLEANS NATIONAL Banking Association, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

Charles Cavaroc, being duly sworn, deposes and says that he was president of the New Orleans National Banking Association during the year 1873, up to the date of the appointment of the receiver; that his son, Charles Cavaroc, junior, being about to leave for New York and Europe, affiant, as president of the said association, after consultation with several of the directors of said association, requested said Charles Cavaroc, junior, while in the city of New York, to negotiate with F. Schuchardt & Sons, and to make arrangements with them to the effect that the New Orleans National Banking Association should draw on sundry bankers and other persons, Seignouret Frères, of Bordeaux, France, among others, drafts which the said F. Schuchardt & Sons would either discount or sell at New York, the proceeds, after deducting commissions and other charges, to be credited to the said New Orleans
39 National Banking Association, and to be drawn upon by that association. This was on or just prior to the 22d day of May, 1873.

That on the 3d day of September, 1873, the said Charles Cavaroc, junior, having returned from his voyage, advised affiant that an arrangement had been concluded between him and F. Schuchardt & Sons, in New York, on or about the 30th August, 1873, by virtue of which drafts should be drawn by the New Orleans Banking Association, as above stated, the said association to deposit in trust in the hands of C. Cavaroc & Son securities which should so remain in trust until the acceptance

of the drafts so drawn or their payment, should the said F. Schuchardt & Sons prefer to have the trust subsist until that time. That affiant, as president of the said New Orleans National Banking Association, proceeded to act in accordance with said arrangement, and that, on or about the 17th day of September, 1873, pursuant thereto, the said association drew on Seignouret Frères, of Bordeaux, France, drafts to the amount of two hundred and fifty thousand francs, which were by the cashier of said association transmitted to F. Schuchardt & Sons enclosed with the letter of which a copy is annexed, marked "A." That pursuant again to said agreement, the said New Orleans National Banking Association did, on the 18th September, 1873, deliver in trust for the said F. Schuchardt & Sons, in the hands of C. Cavaroc & Son, the notes described in the annexed list, marked "B," guaranteeing the acceptance or payment of the drafts for two hundred and fifty thousand francs made by the said association, on the 17th of the same month, on Seignouret Frères. That, on the said 18th September, 1873, the original of the list marked "B" was, by the cashier of said association, forwarded
40 to F. Schuchardt & Sons enclosed with the letter of which a copy is annexed, marked "C." That on the 19th of September, 1873, the said C. Cavaroc & Son advised the said F. Schuchardt & Sons, by a letter of which a copy is annexed, marked "D," of their having received in trust for them the securities deposited by the said association in trust to secure said Schuchardt & Sons against the two hundred and fifty thousand francs drawn by said association on Seignouret Frères. That on said 19th of September, 1873, the matter of the arrangement made through the said C. Cavaroc, junior, with Schuchardt & Sons, as aforesaid, was laid before the board of directors of said New Orleans National Banking Association; the said board passed the resolutions of which a copy, marked "E," is annexed. That the members who were present at the meeting of said board at which these resolutions were passed were informed of the drafts made on Seignouret Frères as aforesaid and of the securities delivered in trust to C. Cavaroc & Son as aforesaid. That subsequently, the said New Orleans National Banking Association being in need, for other purposes, of the note of A. Lastrapes for $6,250.00, and of the note of Levy & Haas for $247.07, and of the note of Smith & Goldsmith for $25,000.00, mentioned in the annexed list, marked "B," obtained from C. Cavaroc & Son, through affiant, a member of said firm, that said notes should be returned to said association and others substituted thereto in the trust made to secure F. Schuchardt & Sons. Whereupon the said notes were returned to said association, and those marked from No. 1 to No. 19, inclusively, and No. 21 in the annexed list, marked "F," were substituted therefor and placed with the re-
41 mainder of the original pledges in the envelope in which the latter had been from the beginning.

This substitution made the securities in trust in the hands of C. Cavaroc & Son for the guarantee of F. Schuchardt & Sons, as aforesaid, to be as shown in the said list marked "F." That affiant, as a member of the firm of C. Cavaroc & Son, placed the envelope containing the securities aforesaid for safe-keeping in the box of the cashier of the said New Orleans National Banking Association, and afterwards in a private box of the said firm of C. Cavaroc & Son, which was placed for safe-keeping also with said association; that the said securities were in the private box of said C. Cavaroc & Son when the said association closed its business; that the agreement with F. Schuchardt & Sons, by virtue of which the said securities were given as aforesaid, was a new transaction, independent of any previous one, and that the said securities were

not given to guarantee any prior obligation in favor of said F. Schuchardt & Sons; that affiant is informed that the drafts for two hundred and fifty thousand francs, drawn by the said New Orleans Banking Association on Seignouret Frères, have not been paid at maturity, and that, in consequence, the pledge made in favor of F. Schuchardt & Sons has not become vacated or discharged; that the transactions hereinbefore enumerated with said F. Schuchardt & Sons were made in good faith and in due course of business; that at the time the said transactions were made and the said collaterals were set apart in trust for said F. Schuchardt & Sons, the said New Orleans National Banking Association was in good credit and standing in New Orleans, New York, and other commercial cities of the United States and of Europe; that affiant at the time believed, and still believes, that the said asso-
42 ciation was solvent at the time stated, and that if it is now otherwise it has been caused by the great panic that commenced in September last and the falling off of the autumn crops of the year 1873; that the transactions aforesaid with F. Schuchardt & Sons had no design to evade or infringe any of the provisions of the national banking law or its amendments, but were to provide means to enable the New Orleans National Banking Association to extend to its customers aid during the fall months in anticipation of the crops of that fall; and that the actings and doings of affiant were sanctioned by the resolutions of the board of directors of said association already referred to.

And affiant further says that the proceeds of the said two hundred and fifty thousand francs, drawn by the said New Orleans National Banking Association on Seignouret Frères, were, as he is informed, credited to the said association on the books of said F. Schuchardt & Sons, and that the said proceeds were drawn against by the said association by means of several drafts made by said association on the said F. Schuchardt & Sons.

C. CAVAROC.

Sworn to and subscribed before me this 21st February, 1874.

F. B. VINOT,
U. S. Commissioner.

43 EXHIBIT A.

(Extract.)

NEW ORLEANS, *Sept.* 13, 1873.

Mess'rs F. SCHUCHARDT & SONS,
New York:

DEAR SIRS: I beg to confirm the enclosed copy of my yesterday's respects, and am in possession of your favor of the 12th instant, with stated enclosures. Contents noted.

Herewith please find for credit of our currency account * * * * No. 397,600, Seignouret Frères, 60 days, fr's 250,000, to be sold on arrival.

When these bills will reach you our last valuations on Seignouret Freres will have been paid.

* * * * * * * *

Yours, respect'ully,
(Signed) HENRY BLACHE, *Cashier.*

REC. 178—2

EXHIBIT B.

List of notes held in trust by C. Cavaroc & Son to secure drafts of New Orleans National Banking Association on Seignouret Frères, remitted to F. Schuchardt & Sons, of New York, for two hundred and fifty thousand francs.

T. A. Lyons & S. H. Bass	due Jan. 4, '74		$2,389 84
John Williams & Sons	Dec. 19, '73		11,995 83
P. S. Wiltz & Co	" 14, '73		6,250 00
Do	" 12, '73		6,250 00
A. Lastrapes	" 7, '73		6,250 00
44 Levy & Haas	Nov. 30, '73		247 07
Smith & Goldsmith	" 29, '73		25,000 00
Tho's Schorr	" 20, '73		750 00
Aggregate			$60,032 72

NEW ORLEANS, *September* 18, 1873.

EXHIBIT C.

NEW ORLEANS, *September 18th*, 1873.

Mess'rs F. SCHUCHARDT & SONS,
New York:

DEAR SIRS: I enclose copy of my yesterday's respects, which I beg to confirm, and have since received your esteemed letter of the 13th inst. with stated enclosure. Contents duly noted.

As collateral security we have this day handed to C. Cavaroc & Son, in trust, the notes mentioned as per list enclosed, guaranteeing the acceptance or payment of the 250,000 francs on Seignouret Frères remitted in our letter of yesterday.

We have this day paid drafts of Mess'rs Merck, C. & Co., and charge your gold account with same, viz, $150, as per enclosed drafts.

I now remit for credit of our currency account—

No. 2890 on National Park Bank, N. Y., s		$112 19
2891 on W. H. Dunbar, (with B. & L.,) Boston, s		602 43
2892 on Darrell & Co., (with B. & L.,) N. Y., s		1,480 31
2893 on J. & C. Moore & Co., (documents,) N. Y., s		1,219 26

Your telegram is this moment received (3½ p. m.) reading "Se-
45 vere panic prevailing. Limit your operations as much as possible," which we note. The telegraph reports the suspension of Jay Cook & Co., which no doubt causes the panic in your market.

Referring you to enclosed lists of remittances and valuations, I remain, dear sirs,

Very respectfully,
(Signed) HENRY BLACHE, *Cashier.*

EXHIBIT D.

NEW ORLEANS, *le* 19 *Sept.*, 1873.

Messieurs F. SCHUCHARDT & SONS,
New York:

MESSIEURS: Nous vous confirmons notre précédente de ce matin. L'écrivain doit s'excuser de ne vous avoir écrit plus tôt afin de vous

aviser des valeurs que nous avons reçues et que nous gardons "in trust" pour vous à l'encontre des fr's 250,000—"Francs Deux cent cinquante mille" que la New Orleans National Banking Association vous a adressés le 17 courant.

Soit:

T. A. Lyons & S. H. Bass	due Jan. 4, '74	$3,289 82
John Williams & Sons	Dec. 19, '73	11,995 83
P. S. Wiltz & Co	" 14, '73	6,250 00
Do	" 12, '73	6,250 00
A. Lastrapes	" 7, '73	6,250 00
Levy & Haas	Nov. 30, '73	247 07
Smith & Goldsmith	" 29, '73	25,000 00
Tho's Schorr	" 20, '73	750 00
Ensemble		$60,032 72

Vous dévoués,
(Signed) C. CAVAROC & SON.

46 EXHIBIT E.

NEW ORLEANS, *Sept.* 19, 1873.

SPECIAL MEETING.

Present: Mess'rs C. Cavaroc, president; Jno. Rocchi, J. Aldigé, A. Tertrou, L. Haas, j'r, A. A. Mouton.

Reading of minutes of last meeting dispensed with.

Daily balances, discounts made, and exchange purchased read and approved.

On motion of M'r Tertrou, seconded by M'r Rocchi, it was unanimously—

Resolved, That the board, duly appreciating the valuable services of C. Cavaroc, j'r, in behalf of the bank in New York and in Europe during his recent voyage, hereby express their gratitude, and move that a committee of three be appointed to offer to C. Cavaroc, j'r, the thanks of this institution.

Mess'rs Tertrou, Aldigé, and Rocchi were appointed on that committee.

On motion of M'r Aldigé, it is further—

Resolved, That a sum of ($500) five hundred dollars be offered to M'r C. Cavaroc, j'r, not as a compensation for his services, but merely to defray the expenses that were actually incurred by him.

The president having stated that the bank had obtained, through the combined influence of M'r Le Marchand and C. Cavaroc, j'r, a loan of one million francs from the Crédit Mobilier of Paris, and that he considered a commission due to the former, the board authorized him to allow to M'r Le Marchand what he deemed proper in the case.

There being no other business the board adjourned.

(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

47 EXHIBIT F.

Statement of paper transferred to Schuchardt & Sons.

1.	E. Petit	Oct.	19	$900 00
2.	Guéblé & Nippert	"	21	162 45
3.	G. Riseau	"	22	162 21
4.	H. F. Given & Co	"	23	823 26
5.	C. M. Hayrant	"	23	292 96
6.	P. Cusachs	"	28	1,020 00
7.	Warren, Atkinson & Co	Nov.	1	225 26
8.	J. N. David, (gold)	"	1	1,441 80
9.	A. Le Breton	"	2	4,000 00
10.	P. H. Guesnon	"	3	170 00
11.	J. Levi	"	3	506 66
12.	Vale S't Ceran	"	3	182 57
13.	Tho's M. D. Davidson	"	3	231 55
14.	Ja's Dreyfus	"	3	1,825 70
15.	L. A. Freidman	"	6	317 65
16.	G. A. Lanaux	"	8	1,200 00
17.	E. Longarre	"	12	295 99
18.	P. Cusachs, (gold)	"	12	2,689 00
19.	G. B. Stone	"	19	50 00
20.	Tho's Schorr	"	20	750 00
21.	E. F. Mioton	Dec.	7	5,000 00
	E. F. Mioton	"	7	5,000 00
	E. F. Mioton	"	7	5,000 00
22.	P. S. Wiltz & Co	"	12	6,250 00
	P. S. Wiltz & Co	"	14	6,250 00
23.	Jno. Williams & Son	"	19	11,995 83
24.	F. Lyon and others	Jan.	1, '74	3,289 82
				$60,032 71

48 *Affidavit of Charles Cavaroc, j'r.—Filed February* 21, 1874.

United States circuit court, in chancery.

JOHN COCKREM, RECEIVER OF THE NEW Orleans National Banking Association, *vs.* F. SCHUCHARDT & SONS ET ALS. } No. 7074.

Charles Cavaroc, j'r, being duly sworn, deposes and says that, being about to depart on a voyage to New York and Europe, he was requested by Charles Cavaroc, s'r, his father, who was then president of the New Orleans National Banking Association, to negotiate with F. Schuchardt & Sons, of New York, and to make arrangements with them, to the effect that the New Orleans National Banking Association should draw on sundry bankers and other persons, Seignouret Frères, of Bordeaux, France, among others, drafts which the said F. Schuchardt & Sons would either discount or sell at New York, the proceeds of which, after deducting commissions and other charges, to be credited to the said banking association, and to be drawn upon by the latter. That, on affiant's return from Europe, and while he was sojourning at New York, that is to say, on or about the 30th day of August, 1873, he concluded

for account of said banking association with the said Schuchardt & Sons, by virtue of which drafts should be drawn by the said association as above stated, the said association to deposit in trust in
49 the hands of C. Cavaroc & Son securities which should so remain in trust until the acceptance of the drafts so drawn, or their payment, should the said F. Schuchardt & Sons prefer to have the security or guarantee to extend to the said payment. That the said arrangement was effected with the said F. Schuchardt & Sons through Lawrence Wells, a copartner of said firm, who drew up at the time and on the spot the memorandum of the manner and extent of making said drafts, of which a copy is annexed, marked "A." That this memorandum was drawn up in the handwriting of said Wells. That on the third day of September, 1873, affiant, having returned to New Orleans, reported the above arrangement to Charles Cavaroc, s'r, president of the New Orleans National Banking Association, and delivered to him the memorandum marked "A." That on or about the day of , 1873, affiant, as a member of the firm of C. Cavaroc & Son, withdrew from the cashier's box of the New Orleans National Banking Association the securities, being notes described in the list marked "F," annexed to the affidavit of Charles Cavaroc, s'r, and placed them in a private box of C. Cavaroc & Son, which remained deposited for safe-keeping in the vault of said association until after the close of the latter, when the said box was withdrawn and deposited in another bank. That the said securities were kept in a separate envelope marked "In trust Schuchardt & Sons," which is the identical one annexed hereto and marked "B," and that they were in that same envelope when affiant first saw them.

C. CAVAROC, J'R.

Sworn to and subscribed before me this 21st Feb., 1874.

F. B. VINOT,
Deputy Clerk.

50 EXHIBIT B.

From

18th September, 1873.

New Orleans National Banking Association,

New Orleans.

$60,000 In trust for

F. Schuchardt & Sons.

To secure

f. 250,000 S. F.

Drawn 17th September, 1873.

51 EXHIBIT A.

Pas plus de £10 M p. semaine s. Hambro.
Pas plus de f. 200 M 1ère b quiers. de Paris.

Autant d'effets de commerce qu'on veut nous reservant (tant dans l'intérêt de la banque que dans la nôtre) de limiter les montants sur une maison quelconque quand la bque. envoit.

Les traites de la bque. sur tiers, (Havre, Bordeaux, Marseilles, &c., &c.)
Elle doit placer entre les mains de Mess. C. C. & Son en trust un dépot de valeurs, à rester jusqu'a l'acceptation ou le paiement si nous jugeons à propos d'attendre le paiement.
La ligue de Seignouret f. 500 M, (p. bque. et C. C. & Son.)

Translation of the above.

Not more than £10 M per week on Hambro.
Not more than f. 200 M on first Parisian bankers.
As many commercial bills as may be desired, we reserving the privilege (both in the interest of the bank and in ours) to limit the
52 amounts on any one house when the bank forwards.
Bills of the bank on third parties, (Havre, Bordeaux, Marseilles, &c., &c.)
It (the bank) must deposit in the hands of Mess. C. C. & Son, in trust, securities to remain until the acceptance or the payment, should we deem proper to await the payment.
Ligue of Seignouret f. 500 M (for bank on C. C. & Son.)

Order demurrer overruled.—Extract from the minutes, November term, 1874.

NEW ORLEANS, *Saturday, February 21st*, 1874.

Court met pursuant to adjournment.
Present: Hon. W. B. Woods, circuit judge.

JOHN COCKREM, REC'R,
vs.
F. SCHUCHARADT & SON ET AL. } No. 7074.

By consent of counsel the demurrer in this case is overruled and leave granted the defendants for three weeks from next Monday to answer the bill.

Order on rule and appointment of a receiver.—Extract from the minutes of Feby 21st, 1874.

53 JOHN COCKREM, REC'R, &C.,
vs.
F. SCHUCHARDT & SONS ET AL. } No. 7074.

This cause came on to be heard upon the motion of the complainant for the appointment of a receiver and an injunction pendente lite.
Present: J. D. Rouse and J. R. Beckwith, solicitors for complainant, and F. Fuselier and Billings & Hughes for respondents.
And the parties agreeing and consenting thereto, it is ordered that Charles De Ruyter be, and he is hereby, appointed receiver in accordance with complainant's motion, with full power and authority to receive and take possession of the bills, notes, and assets mentioned in the bill of complaint and exhibit herein, and also with full power and authority to demand payment of and collect said bills, notes, and assets by suit or otherwise; and for the faithful performance of the trust reposed in said receiver under this order, or which may be reposed in him by any further order of this court in the premises. He shall give bond in
54 the penalty of sixty thousand dollars, with surety to be approved by the clerk of this court. The compensation of the receiver

shall be hereafter determined, on a consideration of his trouble, skill, and diligence in the premises.

And it is further ordered that the defendants, immediately upon the qualification of said receiver, do turn over to him all the notes, bills, and assets, or the proceeds of the collection thereof, mentioned in said bill of complaint and exhibit, and any an' all other assets, if any there be, which they or either of them received from the said New Orleans National Banking Association for the use or benefits of said defendants.

And it is further ordered that, except as hereby modified, the restraining order hereinbefore granted do remain in full force until the further direction of this court.

Motion & order reducing receiver's bond.—Extract from the minutes of Feb'uary 24th, 1874.

JNO. COCKREM, REC'R, } No. 7074.
vs.
F. SCHUCHARDT & SONS. }

55 On motion of Billings & Hughes, of counsel, &c., it is ordered that the bond of the receiver in this cause be reduced from the sum of sixty thousand dollars to the sum of ten thousand dollars.

Bond of receiver.—Recorded and filed March 6th, 1874.

UNITED STATES OF AMERICA:

Know all men by these presents that we, Charles De Ruyter, as principal, and Louis E. Lemarié, as surety, are held and firmly bound, jointly and severally, unto John Cockrem, receiver of the New Orleans National Banking Association, F. Schuchardt & Sons, and Charles Cavaroc & Son, in the sum of ten thousand dollars, lawful money of the United States of America, to be paid to the said parties aforesaid, their successors, heirs, executors, administrators, and assigns, for which payment, well and truly to be made, we bind ourselves, and each of us, by himself, and each of our heirs, executors, and administrators, firmly by these presents, sealed with our seals and dated the sixth day of March, in the year of our Lord eighteen hundred and seventy-four.

56 Whereas the said Charles De Ruyter has, by the order of this honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, been appointed receiver of this cause, now pending in said court, wherein John Cockrem, receiver of the New Orleans National Banking Association, is complainant, and F. Schuchardt and others are defendants, as will more fully appear by said order, entered in said cause February 21st, 1874:

Now the condition of the above obligation is, that if the above bounden Charles De Ruyter shall well, truly, and faithfully perform and discharge all the duties of such receiver, and will well and truly pay over and account for all the property and moneys which shall come into his hands as such receiver, in accordance with the orders of said court in said cause, then this obligation to be void; otherwise to remain in full force and virtue.

57 (Signed) CHARLES DE RUYTER. [L. S.]
L. E. LEMARIÉ. [L. S.]

Signed, sealed, and delivered in presence of—
(Signed) F. B. CLAPP.

Approved: 3, 6, '74.
(Signed) F. A. WOOLFLEY, *Clerk.*

STATE AND DISTRICT OF L'A,
City of New Orleans:

This day personally appeared before me, the undersigned authority, Louis E. Lemarié, who, being duly sworn according to law, did depose and say, that he is worth the sum of ten thousand dollars over and above all his debts and liabilities.

Subscribed and sworn before me this March 6th, 1874.

(Signed) L. E. LEMARIÉ.

F. B. VINOT,
U. S. Comm'r.

Motion & order extending time to answer.—Entered and filed March 16th, 1874.

Circuit court of the United States.

JOHN COCKREM, REC'R, &C., *vs.* SCHUCHARDT & SONS. } No. 7074.

58 Upon motion of Fuselier and Billings and Hughes, solicitors for defendants, it is ordered that the defendants have thirty days' additional time in which to file answer.

Motion & order extending time to answer.— Entered & filed April 16th, 1874.

United States circuit court.

JOHN COCKREM, REC'R, &C., *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

On motion of Billings and Hughes and F. Fuselier, solicitors for defendants herein, and on suggesting that some of the defendants herein are residents of the city and State of New York, and that their answers have not been received and filed within the delay allowed on account of their absence from said city, it is ordered that time be granted until the next rule-day in which to file said answer.

59 *Answer of F. Schuchardt & Sons.—Filed April 30*, 1874.

United States circuit court. In chancery.

JOHN COCKREM, RECEIVER NEW ORLEANS National Banking Association, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The joint and several answers of F. Schuchardt & Sons, Frederick Schuchardt, Lawrence Wells, and Edward L. Wells, individually and as members of said firm of F. Schuchardt & Sons, defendants to the bill of complaint of John Cockrem, receiver of the New Orleans National Banking Association, complainant.

These defendants, now and at all times hereafter saving and reserving to themselves and each of them all benefit and advantage of exception

which can or may be had or taken to the many errors, uncertainties, and other imperfections in the said complainant's said bill of complaint contained, for answer thereto, or unto so much and such parts thereof as these defendants are advised is or are material or necessary for them or any of them to make answer unto, they, these defendants, severally answering, say:

That they admit that the said complainant is the duly approved
60 and qualified receiver of the New Orleans National Banking Association, and that the said New Orleans National Banking Association, a body corporate under the laws of the United States, was, on or before the first day of September, 1873, engaged in the banking business in the city of New Orleans, and continued to carry on such business until on or about the 4th day of October, 1873, when it failed, and ceased to do any further business as a bank; and they further admit that on or about the 27th day of October, 1873, the said banking association passed into the management and control of complainant as receiver.

But the defendants aver and say that they do not know and have never been informed, save by said complainant's bill, that the said banking association was actually insolvent, and long prior thereto had been in a state insolvency, and ever since then has been insolvent and committed acts of insolvency; but that, on the contrary, they have been informed, and believe it to be true, that the said banking association was, at the times stated, perfectly solvent, paying and satisfying all claims against it, and enjoying good credit both in New Orleans and in the other commercial cities.

And these defendants, further answering, severally say that they, or any or either of them to the knowledge or belief of the others or of either of them, did not know of any act of insolvency on the part of the said banking association, or of its being insolvent, nor that anything had happened or occurred to impair the credit of said association at any time prior to the 4th day of October, 1873. And they further say, that they are informed and believe such insolvency if it did exist, or such acts of insolvency if ever they were committed, were unknown to the president and directors of said banking association.

61 And these defendants, further answering, severally say that they are informed and believe that it is not the fact, as set forth in said complainant's bill of complaint, that on or about the time of the final suspension of said New Orleans National Banking Association Charles Cavaroc, one of the defendants to said bill of complaint, being then and there president of the board of directors of the said association, although well knowing the insolvency of said association, and with the *intent* to prefer these defendants, F. Schuchardt & Sons, did, contrary to the act of Congress in such case made and provided, unlawfully transfer and deliver to C. Cavaroc & Sons, also defendants to said bill of complaint, or to the individual members of said firm, bills receivable, notes, securities, and assets belonging to said association amounting to at least the value of $60,032.71, among which securities and assets are included the bills, notes, and securities set forth and described in Exhibit A, annexed to said complainant's bill of complaint, and placed the same in the custody and under the control of said C. Cavaroc & Son. But these defendants aver and charge the facts to be that, on or about the 30th day of August, 1873, the said New Orleans National Banking Association entered into an arrangement with the defendants, whereby these defendants agreed to discount or sell, in the city of New York, after having endorsed the same in order to add to the credit and nego-

tiability of the same in said city of New York, such drafts or bills of exchange as the said New Orleans National Banking Association should draw on sundry bankers or other persons, among others, Seignouret Frères, of Bordeaux, (France,) the proceeds of such discount or
62 sale, after deducting commissions and other charges, to be credited to the said New Orleans National Banking Association, and to be drawn against by said banking association. They further aver and charge that the said arrangement also contemplated the deposit of securities of said association in the hands of the commercial partnership of C. Cavaroc & Son, also defendants to said complainants bill herein, the said securities so to remain on deposit in trust until the acceptance of the drafts or bills so drawn, or their payment, should these defendants (F. Schuchardt & Sons) prefer to have said trust subsist until that time. And these defendants aver that, in the matter of receiving and holding said securities in trust, the said C. Cavaroc & Son were the agents of both parties in the premises.

And these defendants further admit and they claim and they charge to be the truth that, on or about the 17th day of September, 1873, the said New Orleans National Banking Association did draw, in pursuance of said arrangement, on Signouret Frères, of Bordeaux, France, five (5) bills of exchange, for the sum of fifty thousand francs each, aggregating together the sum of two hundred and fifty thousand francs; which said bills were, by the cashier of said association, transmitted to these defendants enclosed and, together with a letter dated on said 17th September, 1873, addressed to these defendants, requesting them to sell the same on arrival. An extract of said letter, marked "A," is annexed to and made a part of this answer. And these defendants further aver and charge as being the truth and fact that, upon receipt of said bills and letter they sold the said bills in New York, after having put their endorsement thereon, and that the sale, so made as
63 aforesaid, brought the net sum of fifty thousand eight hundred and sixty-six 32 100 dollars, which they credited on their books to the account of said New Orleans National Banking Association; and that they immediately advised the said association of said sale, and of its having been so credited as aforesaid, by two letters addressed to the cashier of said association, and of which true copies are annexed and made part of this answer, marked "Exhibit B." They further aver that they have been informed and verily believe that, upon or before receiving said letter of advice from them, the said New Orleans National Banking Association charged and debited these defendants with the amount of said bills of exchange. And they further aver that the said association did thereupon and subsequently draw upon these defendants sundry drafts or bills of exchange, whereby the said association drew from these defendants the said proceeds of sale of said bills of exchange drawn on Seignouret Frères as aforesaid.

And these defendants, further answering, aver that it is untrue, as they are informed and believe, that at the time of the drawing of the said bills of exchange on Seignouret Frères, no pledge of any objects or securities of said New Orleans National Banking Association was made to these defendants, or any other person or corparation for their benefit, and that none of the securities of said banking association were delivered to said C. Cavaroc & Son, or to any other person or bodies corporate, for the purpose of securing these defendants or any party to or holder of said bills; but, on the contrary, these defendants aver that they are informed and believe that the documents described in the letter marked "Exhibit C," and the schedule marked

64 "Exhibit D," both annexed to and made part of this answer, were placed by said banking association in the hands of said C. Cavaroc & Son on the 18th day of September, 1873, according to the agreement above recited, as a security to these defendants, to guarantee the acceptance or payment of the bills of exchange for 250,000 francs drawn on Seignouret Frères, as aforesaid.

And these defendants, further answering, say that in the premises the said C. Cavaroc & Son are the trustees of them, the said F. Schuchardt & Sons, and that these defendants claim that they have on and to said assets, so deposited in the hands of said C. Cavaroc & Son, (both the assets hereinbefore mentioned and described in schedule marked "Exhibit D" and those hereinafter mentioned and described in Exhibit E hereto annexed,) a right of pledge which entitles them to detain the same, through the said trustees, and to be paid by preference over all other persons out of the proceeds thereof, whether said proceeds result from the payment thereof by the debtors thereof or from the sale of said securities made according to law; and that they are entitled to the possession of the same until the obligation above recited, for which said securities were so pledged, shall have been satisfied. But these defendants deny that they claim any right of ownership of or to the said securities or any other right than that above set forth; and they claim that they are entitled by virtue of their said right of pledge to have the said securities sold at public sale, after judgment, to satisfy their claim against said New Orleans National Banking Association.

65 And these defendants, further answering, say that they are informed and believe that, subsequently to the said 18th day of September, 1873, the said New Orleans National Banking Association, having a necessity to use a portion of the securities which had on said day been deposited in the hands of C. Cavaroc & Son for their guarantee, did obtain from said C. Cavaroc & Son that some of the said securities should be returned to the said banking association in exchange for others; which were thereupon immediately delivered to the said C. Cavaroc & Son by the said banking accociation, the same to stand in lieu and place of those so returned, as a guarantee to these defendants, for the same objects and purposes as aforesaid; and that, by virtue thereof, the following notes delivered to said C. Cavaroc & Son on said 18th day of September, 1873, were so returned to the said banking association by the said C. Cavaroc & Son, to wit: A. Lastrapes' note, due December 7, 1873, for $6,250.00; Levy & Haas' note, due November 30, 1873, for $247.07; Smith & Goldsmith's note, due November 29, 1873, for $25,000.00; and that, also by virtue thereof, the notes numbered from number 1 to 19 and number 21, on the schedule annexed to and made part of this answer and marked "Exhibit F," were substituted therefor and delivered accordingly to the said C. Cavaroc & Son by the said association.

And these defendants admit that when the said securities were so put in the possession of said C. Cavaroc & Son, as aforesaid, the said C. Cavaroc & Son, as well as themselves, knew that they were a portion of the portfolio of the said association; but they deny that they knew that the said association was then insolvent; but charge and aver that they

66 are informed and believe that at that time the said association was not insolvent as set forth in said complainant's bill of complaint. And these defendants further say that they are advised and believe that the said complainant, as receiver of said National Banking Association, is not entitled to administer the said assets given as guarantee as aforesaid; and they charge that they are entitled to re-

tain possession of the said securities until they shall have been paid of their just claims against the said banking association for which the same were given in trust and pledge; and they further aver and charge as being the fact that, at the time when the pledge and trust of said securities was made in their favor, as aforesaid, the said National Banking Association had a perfect and complete right to give such pledge and trust to secure an obligation then contracted in good faith, and so did give such pledge and trust, not with a view to give these defendants any undue or unlawful preference over its other creditors, but solely as the sanction of a lawful and valid contract made in the interest and for the benefit of said banking association, and not to guarantee a pre-existing debt which had been contracted without the stipulation of such the securities given. And these defendants further say that in all the transaction above receited there was no intent to violate the act of Congress of June 3d, 1864, referred to in said complainant's bill of complaint, or the 52d section or any other section thereof, or to prevent the application of any of the assets of the said banking association in the manner provided in the said act.

And further answering, these defendants say that they deny that said transfer and delivery of said securities was made without the authority of the board of directors of said association, or is in fraud of the
67 rights of the creditors thereof as null and void, or that no title thereto or right has passed to them, and that the said complainant has a right to the restoration of the same or of the proceeds of such as may have been or may be collected; and they aver that said transfer and delivery of said securities was with the authority and sanction of the board of directors of said banking association, is not in fraud of the rights of the creditors thereof, and is good and valid; and that these defendants have acquired title to said securities, as is hereinbefore set forth; and that said complainant has no right to the restoration of said securities, nor to the proceeds of such as may have been, or may be, collected.

And, further answering, these defendants say that, in all their actings and doings in the premises, they have acted in good faith and in due course of business, without any knowledge of the insolvency of the said banking association; that said banking association was in good credit during the entire time of said transactions and up to the time of its suspension, to wit, October 4th, 1873.

And these defendants deny all and all manner of unlawful combination and confederacy wherewith they are by the said bill charged, without this, that there is any matter, cause, or thing in the said complainant's said bill of complaint contained material or necessary for these defendants to make answer unto, and not herein and hereby well and sufficiently answered, confessed, traversed, and avoided or denied, is not true to the knowledge or belief of these defendants; all which matters and things these defendants are ready and willing to aver, maintain, and prove as this honorable court shall direct, and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

68 And these defendants, being specially required to answer the interrogatories numbered 1, 2, 3, and 4, annexed to said complainant's said bill of complaint, do now jointly and severally and each one of them for himself respectively and individually, make thereto the following answers, viz:

To the first interrogatory. These defendants are informed and have good reason to believe and do believe that, at the time of the institution

of this suit, C. Cavaroc & Son, co-defendants herein, held in trust for these defendants, composing the firm of F. Schuchardt & Sons, and had in their possession and control, as such trustees, the bills, notes, and securities named and set forth in Exhibit A, annexed to said complainant's bill of complaint, excepting such portions thereof as had by said C. Cavaroc & Son, trustees, been previously collected and realized, as will appear from the schedule hereto annexed and marked "Exhibit G." These defendants do not know, of their personal knowledge, but they are informed and verily believe that of said assets, the following were placed and came into the possession of said C. Cavaroc & Son, as trustees aforesaid, on the 18th of September, 1873, to wit, the notes of T. A. & S. H. Bass, John Williams & Sons, P. S. Wiltz & Co., and Thomas Schorr; and that the other securities described in Exhibit A, annexed to said complainant's bill of complaint, came into the possession of said C. Cavaroc & Son some time between the eighteenth day of September, 1873, and the fourth day of October, 1873, having been given to them in substitution of the notes of A. Lastrapes for $6,250.00, Levy & Haas for $247.07, and Smith & Goldsmith for $25,000.00, and in ex-

69 change for said notes, which were returned to said New Orleans National Banking Association, the substituted notes to stand in the hands of said C. Cavaroc & Son in lieu and stead of the notes surrendered, for the same objects and purposes, and on the same terms and conditions. The purpose for which all the securities described and specified in Exhibit A, annexed to said complainant's bill of complaint, was to secure the firm of these defendants, to wit, F. Schuchardt & Sons, against the non-acceptance and non-payment, or either, at the option of these defendants, of five (5) bills of exchange or drafts for the sum of fifty thousand francs each, aggregating together the sum of two hundred and fifty thousand francs, which the said New Orleans National Banking Association did, on the 17th September, 1873, draw on Seignouret Freres, of Bordeaux, France, and which were on said day transmitted by said banking association to these defendants to be by them sold, after having been endorsed by them, and the proceeds credited to said banking association, the whole agreeably with the agreement hereinbefore recited. The said drafts not having been paid, the said banking association is liable to these defendants for the amount of these drafts, damages and costs. The interest which these defendants claim and the right which they maintain to the possession and control of the securities described in schedule marked "Exhibit A," annexed to said complainant's bill of complaint, is that of pledges of said security, with the privilege of detention until payment, and the right of enforcing the same, as provided by the laws of Louisiana respecting the contract of pledge, in order to be paid by preference out of the pledged property, or the proceeds thereof.

70 To the second interrogatory. These defendants do not claim the right to sell the said securities, unless after judgment and a decree of a court ordering such sale to satisfy their judgment. But they claim the right to collect the same and to apply the proceeds to the payment or part payment of the debt or obligation for which they were pledged; that is, the obligation of said New Orleans National Banking Association in their favor, described in the preceding answer and in the body of the foregoing. The authority therefor was acquired by these defendants, as hereinbefore already stated, on or about the 30th day of August, 1873, by virtue of the agreement made in the city of New York between these defendants and said banking association, (as more particularly set forth at page 3d of this answer,) and was derived also from

the letters of said banking association of the 17th and 18th September, 1873, hereto annexed and marked "Exhibit A and C," and was in form as shown by said exhibits, and also verbally made with C. Cavaroc, j'r, representing said banking association on said 30th day of August, 1873, or thereabouts.

To the third interrogatory. These defendants have not, but they are informed and believe that the said C. Cavaroc & Son, trustees who held said securities, have, previous to turning the same over to the receiver herein, collected certain of said securities in whole and received part payments on others, (all subsequent to the first of September, 1873,) as is fully shown in the annexed schedule marked "Exhibit G," to which reference is here specifically made and which is made part hereof. Of the proceeds so realized and collected, these defendants are informed and verily believe that the said C. Cavaroc & Son, trustees afore-
71 said, have paid for charges, expenses, and costs incidental to the proper protection of the said securities, the sum of $124.02, as shown in said Exhibit G annexed hereto, and paid the balance, to wit, eight thousand seven hundred and sixty-nine dollars and fifty cents, of which in currency $6,069.51, and in gold $1,799.99, to Charles De Ruyter, esq., the receiver appointed herein, by order of the honorable the circuit court of the United States for this district.

To the fourth interrogatory. These defendants have not now, or at any time since the first day of September, 1873, received from the New Orleans National Banking Association any other or different bills, notes, or other securities than described in said exhibit marked "A," annexed to the bill of complaint herein, except those hereinafter, to wit, A. Lastrapes' note for $6,250.00, Levy & Haas' note for $247.07, and Smith & Goldsmith's note for $25,000.00, which had been placed in trust for them in the hands of C. Cavaroc & Son on the 18th September, 1873; but these three notes were returned to said association, as set forth in the answer to the first interrogatory, to which reference is here specially made for more specific information on the subject.

FRED'K SCHUCHARDT,
LAWRENCE WELLS,
EDW. L. WELLS,
Defendants.

BILLINGS & HUGHES and
FERJUS FUSELIER,
Solicitors for Defendants.

Frederick Schuchardt, Lawrence Wells, and Edward L. Wells being duly sworn, do severally and each for himself, individually and as
72 partners of the firm of F. Schuchardt & Sons, depose and say that they are respectively the defendants named in the foregoing answer subscribed by them; that they are the members of the said firm of F. Schuchardt & Sons; that they have read the foregoing answer and know the contents thereof, and that the same is true of their own knowledge, except as to the matters therein stated on information and belief, and as to those matters they verily believe it to be true.

FRED'K SCHUCHARDT.
LAWRENCE WELLS.
EDWARD L. WELLS.

Subscribed and sworn to before me this 13th day of April, A. D. 1874.

EDWARD L. OWEN,
U. S. Commissioner for the Southern District of New York.

EXHIBIT A.

C. CAVAROC, *President.* HENRY BLACHE, *Cashier.*

NEW ORLEANS NATIONAL BANKING ASSOCIATION.

NEW ORLEANS, *Sept.* 17, 1873.

Mess'rs. F. SCHUCHARDT & SONS, *New York:*

DEAR SIRS: I beg to confirm the enclosed copy of my yesterday's respects. I am in possession of your favor of the 12th instant with stated enclosure. Contents noted.

Herewith please find for credit of our currency account * * * * * * * * *

397 | 601 Seignouret Frères, 60 days, Frs. 250,000 to be sold on arrival.

When these bills will reach you our last valuations on Signouret Frères will have been paid.

* * * * * * *

Yours, respectfully,

HENRY BLACHE,
Cashier.

73 EXHIBIT B.

(Copy.)

NEW YORK, *September 24th*, 1873.

HENRY BLACHE, Esq.,
Cashier New Orleans National Banking Association,
New Orleans, La.:

DEAR SIR: Confirming our last respects of yesterday's date as per press copy herewith, we are since in receipt of your favor 20th inst., with stated enclosures, which have our best care.

We note your remarks in regard to the Joynson affair, and beg to tender our thanks for ratings of N. O. firms.

We have the pleasure to advise the sale of our drafts for Frs. 100,000 —at 542½ less ¼; Frs. 100,000—at 543¾ less ¼; against balance of Frs. 250 on Seignouret per letter 17th inst. Although these prices may appear very low, we consider them as first-class sales. There has been little business done, and francs have been offered at 548¾, sterling of first class bankers at 104½ per cent.

We beg to enclose statement of the Fr. 50m. sold yesterday; credit your cy. account $10,192 78 pr. this day.

We also hand you sale note, certificate of false pack of cotton pertaining to Melhuish, £8,289 17s. 3d.

We reply to our inquiry the Union Bank writes under date 11th inst. respecting Joynson as follows, viz:

"Referring to your favor of the 26th August, I would call your attention to the fact that, in the present instance, Joynson occupied the double position of acceptor of the bill, broker for the sale of the goods."

Yours, sincerely,

(Signed) FRED. SCHUCHARDT & SONS.

74 There are this evening some slight appearances of an improvement. To-day the only failure of importance has been that of Howes & Macy, happily without our interest.

(Signed) F. S. SONS.

N. O.

Fs. 50,000 ¼ fs. 125
st'mps " 50
186,11 int. " 11.11

Fs. 49,813.89 Seignouret 542½—¼ $9,170.80 @ 111½ per c't..... $10,236 91
Less 1-16 per c't on gold 85 73
⅜ per c't commission 38 39
44 12

C'r your c'y account p'r 24th Sept., '73..... $10,192 79

E. E.

EXHIBIT B.

(Copy.)

NEW YORK, *September 27th*, 1873.

HENRY BLACHE, Esq.,
Cashier New Orleans National Banking Association,
New Orleans, La.:

DEAR SIR: We beg to acknowledge receipt of your favor 23d inst., with stated enclosures; confirm our last respects of yesterday's date, of which we annex press copy.

We also hand you statement of remittances for which we credit your currency account, $116,720.22, p'r this date, for remittance from Union National Bank of Chicago, $692.51c., debiting the same account, $—30c., for collection charges on Boston, remittance No. 2891.

We remain, dear sir, yours, very truly,
(Signed) FRED. SCHUCHARDT & SONS.

75 N. O. Statement.

£7,000..Hambro, 103½..$32,004 38-111 11-16 ..... $35,744 89
Acc't tel. 12 Sept.
Less 1-16 p'r c't on gold..... $20 00
" ¼ p'r c't comm. 89 36
109 36 $35,635 53

F. 50,000..Dutfoy, 548¾-¼ $9,088 84
150,000.. " 550..¼ 27,204 55

Tel. 12 Sept. $36,293 39-111 11-16 $40,535 18

Less 1-16 p'r c't on gold..... $22 68
" ¼ p'r c't comm..... 101 34
124 02 40,411 16

F. 200,000....¼ fr. 500
st'mp 200
744 44 Int. 44 44

F. 199,255 56..Seignouret

F. 100,000 ..542½-¼ $18,387 10
99,255 56..543¾-¼ 18,208 27

$36,595 37 111½ 40,849 58

Less 1-16 p'r c't on gold..... $22 87
" ⅜ p'r c't comm..... 153 18
176 05 40,673 53

C'r your c'y account, p'r 27 Sept., '73..... $116,720 22

E. & O. E.

76 EXHIBIT C.

NEW ORLEANS, *September 18th*, 1873.

Mess'rs F. SCHUCHARDT & SONS, *New York:*

DEAR SIRS: I enclose copy of my yesterday's respects, which I beg to confirm, and have since received your esteemed letter of the 13th inst., with stated enclosure, contents duly noted.

As collateral security, we have this day handed to C. Cavaroc & Son, in trust, the notes mentioned as per list enclosed, guaranteeing the acceptance or payment of the 250,000 francs on Seignouret Frères remitted in our letter of yesterday.

We have this day paid drafts of Mess'rs Merck, C. & Co., and charge your gold account with the same, viz, $150, as per enclosed draft.

I now remit for credit of our currency account—

2890 on National Park Bank, N. Y., s	$112 19
2891 on W. H. Dunbar, (with B & L.,) Boston, s	602 43
2892 on Darrell & Co., (with B. & L.,) N. Y., s	1,480 31
2893 on J. & C. Moore & Co., (Documents,) N. Y., s	1,219 26

Your telegram is this moment received (3½ p. m.) reading "severe panic prevailing—limit your operations as much as possible," which we note. The telegraph reports the suspension of Jay Cook & Co., which no doubt causes the panic in your market.

Referring you to enclosed lists of remittances and valuations, I remain, dear sirs,

Very respectfully,
(Signed) HENRY BLACHE, *Cashier.*

77 EXHIBIT D.

Schedule of notes guaranteeing the acceptance or payment of frs. 250,000 *on Seignouret Frères, remitted in letter of New Orleans Banking Association of September* 17*th*, 1873.

T. A. Lyons & S. H. Bass	due Jan. 4, '74	$ 3,289 82
John Williams & Sons	Dec. 19, '73	11,995 83
P. S. Wiltz & Co	14, '73	6,250 00
do.	12, '73	6,250 00
A. Lastrapes	7, '73	6,250 00
Levy & Haas	Nov. 30, '73	247 07
Smith & Goldsmith	29, '73	25,000 00
Tho's Schorr	20, '73	750 00
		$60,032 72

78 EXHIBIT E.

Schedule of notes delivered by New Orleans National Banking Association to C. Cavaroc & Son, in trust for F. Schuchardt & Sons, in lieu and stead and in exchange of the notes of A. Lastrapes, Levy & Haas, and Smith & Goldsmith, to guarantee the acceptance or payment of frs. 250,000 *on Seignouret Frères, remitted in letter of New Orleans National Banking Association of September* 17*th*, 1873.

E. Potet	due Oct. 19th, 1873	$900 00
Gueblé & Nippert	" 21st, "	162 45
P. Riseau	" 22d, "	162 21
H. F. Given & Co	" 23d, "	823 26

C. M. Heyraerts	"	23d,	"	....	292 96
P. Cusachs	"	28th,	"	....	1,020 00
Warren, Atkinson & Co	due Nov.	1st,	"	....	225 26
J. N. David, (gold)	"	1st,	"	....	1,441 80
A. LeBreton	"	2d,	"	....	4,000 00
Ph. Guesnon	"	3d,	"	....	170 00
J. Levi	"	3d,	"	....	506 66
Val. S't Ceran	"	3d,	"	....	182 57
Tho's M. D. Davidson	"	3d,	"	....	231 55
Jos. Dreyfus	"	3d,	"	....	1,825 70
L. A. Friedman	"	6th,	"	....	317 65
G. A. Lanaux	"	8th,	"	....	1,200 00
E. Longarre	"	12th,	"	....	295 99
P. Cusachs, (gold)	"	12th,	"	....	2,689 00
G. B. Stone	"	19th,	"	....	50 00
E. F. Mioton	due Dec.	7th,	"	....	5,000 00
"	"	7th,	"	....	5,000 00
"	"	7th,	"	....	5,000 00

79 EXHIBIT F.

Statement of paper transferred to Schuchardt & Sons.

1. E. Potet	Oct.	19	$900 00
2. Guéblé & Nippert	"	21	162 45
3. G. Riseau	"	22	162 21
4. H. F. Given & Co	"	23	823 26
5. C. M. Hayvaerts	"	23	292 96
6. P. Cusachs	"	28	1,020 00
7. Warren, Atkinson & Co	Nov.	1	225 26
8. J. N. David, (gold)	"	1	1,441 80
9. A. Le Breton	"	2	4,000 00
10. P. H. Guesnon	"	3	170 00
11. J. Levi	"	3	506 66
12. Vale S't Ceran	"	3	182 57
13. Tho's M. D. Davidson	"	3	231 55
14. Ja's Dreyfus	"	3	1,825 70
15. L. A. Friedman	"	6	317 65
16. G. A. Lanaux	"	8	1,200 00
17. E. Longarre	"	12	295 99
18. P. Cusachs, (gold)	"	12	2,689 00
19. G. B. Stone	"	19	50 00
20. Tho's Schorr	"	20	750 00
21. E. F. Mioton	Dec.	7	5,000 00
E. F. Mioton	"	7	5,000 00
E. F. Mioton	"	7	5,000 00
22. P. S. Wiltz & Co	"	12	6,250 00
P. S. Wiltz & Co	"	14	6,250 00
23. Jno. Williams & Son	"	19	11,995 83
24. F. Lyon and others	Jan.	1, '74	3,289 82
			$60,032 71

80 EXHIBIT G.

Statement of collections made on account of the securities held in trust by C. Cavaroc & Son to secure F. Schuchardt & Sons against drafts to the amount of 250,000 francs, drawn by the New Orleans National Banking Association on Seignouret Frères, September 17, 1873.

1873.				
Oct.	19.	From Eugene Potet's note of $900.00	$215 00	
		64 days' interest on renewal	9 75	
				$224 75
Oct.	21.	From Gueblé & Nippert's note		162 45
"	22.	From P. Rideau's note		162 21
"	23.	From D'r Hayvaert's note of $292.96	100 00	
		Interest on D'r Hayvaert's note, renewal	2 30	
				102 30
Nov.	1.	From Warren, Atkinson's note		225 26
"	3.	Interest on renewal 34 days on note H. LeBreton		30 20
"	3.	From Phil. Guesnon's note of $170.00	85 00	
		34 days' interest on renewal	65	
				85 65
"	3.	From J. Dreyfus' note of $1,825.70	825 70	
		34 days' interest on renewal	5 34	
				831 04
"	3.	From J. Leba's note of $506.66	125 00	
		34 days' interest on renewal	2 90	
				127 90
"	6.	From L. A. Friedman's note of $317.65	100 00	
		34 days' interest on renewal	1 65	
				101 65
"	8.	From G. A. Lanaux's note		1,200 00
"	13.	From Geo. B. Stone's note		50 20
	Nov. 17.	From D'r Hayvaert's note of $50.00		37 00
81	Nov. 19.	From D'r Hayvaert's note of $50.00		5 00
	" 20.	From Tho's Schorr's note of $750.00	250 00	
		15 days' interest on renewal	5 45	
				255 45
Nov.	21.	From D'r Hayvaert's note		8 00
"	26.	From Jos. Dreyfus' note		1,000 00
Dec.	6.	From P. Guesnon's note		85 00
"	9.	From L. A. Friedman's note	17 65	
		39 days' int. on renewal of $200.00	1 50	
				19 15
"	12.	39 days' interest on P. S. Wiltz's note		53 62
Dec.	13.	From D'r Hayvaert's note		20 00
"	20.	From E. Potet's note	185 00	
		29 days' int. on renewal of $500.00	3 20	
				188 20
1874.				
Jan.	12.	From L. A. Friedman's note	50 00	
		30 days' int. on renewal of $150.00	1 00	
				51 00
"	17.	From E. Potet's note of $500.00	100 00	
		34 days' renewal int. on $400.00	3 00	
				103 00
"	7.	From Tho's Schorr's note		500 00
Feb.	5.	Received on account of P. S. Wiltz & Co.'s note of $6,250.00, extended to 19th Jan., 1874, (by collateral paid)		1,014 00
"	10.	Received on account of L. A. Friedman's note of $150.00	50 00	
		Interest on renewal of $100.00	70	
				50 70
"	18.	Balance E. Potet's note		400 00
				$7,093 35

82 CHARGES.

1873.				
Nov.	21.	Premium on purchase of U. S. T. N	55 82	
"	28.	" " "	11 75	
Dec.	9.	" " "	1 00	
"	18.	Paid G. LeGardeur, notary, for protest and fees	24 50	
1874.				
Jan.	23.	Paid clerk 6th dist. court in suit against Val. S't Ceran	14 95	
"	23.	Paid clerk 6th dist. court in suit against T. M. Davidson	6 00	
"	31.	Paid G. LeGardeur, notary, for protest fees	10 00	
				124 02
March	11.	On hand, balance in currency		$6,969 51

GOLD.

1873.				
Oct.	28.	From P. Cusachs' note for $1,020.00	255 00	
		64 day's renewal interest on $765.00	10 90	
				265 90
Nov.	1.	From J. David's note		1,441 80
"	18.	From interest on renewal note, $2,689.00, of Cusachs, extended 60 days		38 23
1874.				
Jan.	21.	From interest on renewal note for $2,689.00 of Cusachs, 60 days		38 25
March	3.	Do. do. note of same for $765.00, 93 days		15 81
"	11.	Gold on hand		$1,799 99
		Currency on hand		$6,969 51
		Gold		1,799 99
		Total		$8,769 50

83 EXHIBIT G—Continued.

Statement of the securities still remaining uncollected and on hand of the securities held in trust by C. Cavaroc & Son, to secure F. Schuchardt & Sons against drafts to the amount of frs. 250,000, drawn by the New Orleans National Banking Association on Seignouret Frères September 17th, 1873.

Protested note of E. F. Mioton, due Dec. 8, 1873			$5,000 00
" " " " "			5,000 00
" " " " "			5,000 00
" " T. Longarre, due Nov. 12, 1873			295 99
Protested note of Jules Lebé, due Dec. 6, 1873			381 66
" " T. A. Lyon and Ja's W. Bass, due Jan. 5, 1874			3,289 82½
Protested note of P. S. Wiltz & Co., due Jan. 19, 1874*			6,250 00
* With the following collaterals attached:			
Note O. Delahoussaye, j'r, due 1-4 Jan., 1874		$684 69	
" L. B. Delahoussaye, " " 1874		341 44	
" B. de S't Clair, " " 1874		2,447 64	
" Henry Rançonnet, " " 1874		758 48	
" Rob't S. Perry, " 1-4 Feb., 1874		2,604 90	
" " " " " 1874		2,604 90	
" " " " " 1874		2,604 90	
" Clementine Bérard, " 1-4 Jan., 1874		262 79	
" A. Doré " 1-4 Mar., 1874		594 13	
" V. Emile Boussier, " 1-4 Jan., 1874		327 23	
Note (past due) P. S. Wiltz & Co., due Jan. 24-27, 1874			6,250 00
* With the following collaterals attached:			
Note A. Delahoussaye, due 1-4 Jan., 1874		397 79	
" J. E. Melançon, " " 1874		627 88	
" T. M. Neff, " " 1874		686 55	
" M. T. & R. N. Ducros, " 1-4 Dec., 1873		2,753 81	
" Tho's H. Hewes, " 1-4 Jan., 1874		2,557 42	
(The two last notes bearing interest from date till paid.)			
84 Note (past due) D'r C. M. Hayvaert, due 3-6 Dec., 1873, balance			30 00
Note (past due) D'r C. M. Hayvaert, due 23-26 Dec., 1873, balance			50 00

Note (past due) D'r C. M. Hayvaert, due 12-15 Jan., 1874	42 96
Note L. A. Friedman, extended for balance, due 12th March, 1874	100 00
Note P. Cusachs (gold) extended, due 24th Mar., 1874	2,689 00
Note A. C. LeBreton, (past due,) bearing interest, due 5th Dec., 1873*	4,000 00
*With certificates Nos. 181 and 182, Crecent City Live-Stock Landing and S. H. Co., for 100 shares each, collaterals attached thereto.	
Note P. Cusachs, extended, (gold,) due 3 June, 1874	765 00
Protested note John Williams & Son, due 19 Dec., 1873*	11,995 93
*With the following collaterals attached:	
Protested draft of C. A. Bessec on Yeatman & Co	2,500 00
Note Cha's A. Bessec, 90 days, due 2d June, 1873	3,500 00
" Vernon Allen, past due, 1-4 March, 1873	1,700 00
" Henkel & Davis, past due, 15-18 Jan., 1873	4,910 00
(The two last notes endorsed by W. B. Thompson & Son.)	
Note Val. S't Ceran, (in attorney's hands,) due 3d Nov., 1873	182 57
Note T. M. Davidson, due 3d Nov., 1873	231 55
" H. F. Given & Co., due 23rd Oct., 1873	823 26
Total securities on hand March 11, 1874	$52,377 74½

Entry in chancery order-book.—April 30th, 1874.

JOHN COCKREM, RECEIVER OF N. O. NAT. B'k'g Ass'n, *vs.* F. SCHUCHARDT & SONS ET ALS. } No. 7074.

The complainant is hereby notified that F. Schuchardt & Sons, defendants herein, have this day, by their solicitors, F. Fuselier & Billings & Hughes, filed their answer to this bill of complaint.

85 *Answer of C. Cavaroc & Son.—Filed April 30, 1874.*

United States circuit court. In chancery.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The joint and several answers of Charles Cavaroc, senior, and Charles Cavaroc, junior, individually and as members of the firm of C. Cavaroc & Son, defendants, to the bill of complaint of John Cockrem, receiver of the New Orleans National Banking Association, complainant.

These defendants, now and at all times hereafter saving and reserving to themselves and each of them all benefit and advantage of exception which can or may be had or taken to the many errors, uncertainties, and other imperfections in the said complainant's said bill of complaint contained, for answer thereto, or unto so much and such parts thereof as these defendants are advised is or are material or necessary for them or any of them to make answer unto, they, these defendants, severally answering, say:

That they admit that the said complainant is the duly appointed and qualified receiver of the New Orleans National Banking Associa-
86 tion, a body corporate under the laws of the United States, and that the said association was, on or before the first day of September, 1873, engaged in the banking business in the city of New Orleans, and continued to carry on such business until on or about the 4th day of October, 1873, when it failed and ceased to do any further busi-

ness as a bank; and they further admit that on or about the 27th day of October, 1873, the said banking association passed into the management and control of complainant as receiver.

But these defendants aver and say that they do not know and never did know that the said banking association was actually insolvent at the times stated in said complainant's bill of complaint, or that said association was in a state of insolvency long prior to such times or subsequent thereto; but that, on the contrary, the fact and the truth are, and they aver, that the said association was, at the times stated, perfectly solvent, paying and satisfying all claims against it, and enjoying good credit and reputation for solvency both in New Orleans and the other commercial cities.

And these defendants, further answering, severally say that they, or either of them to the knowledge or belief of the other, did not know of any act of insolvency on the part of the said banking association, or that anything had happened or occurred to impair the credit of said association at any time prior to the 4th day of October, 1873; and they further say that the insolvency of said association, if it did exist, or the alleged acts of insolvency, if ever they were committed, were unknown to the said Charles Cavaroc, senior, president, and to the directors of said association, and were also unknown to the said Charles Caravoc, junior, defendant.

87 And these defendants, further answering, severally say that it is not the fact, as set forth in said complainant's bill of complaint, that, on or about the time of the final suspension of said New Orleans National Banking Association, Charles Cavaroc, senior, one of these defendants, being then and there president of the said association, although well knowing its insolvency, and with the intent to prefer F. Schuchardt & Sons, defendants also herein, did, contrary to the act of Congress in such case made and provided, unlawfully transfer and deliver to C. Cavaroc & Son, that is, the firm of these defendants, or to the individual members of said firm, bills receivable, notes, securities, and assets belonging to said banking association, amounting to at least the value of $60,032.71, among which securities and assets are included the bills, notes, and securities set forth and described in Exhibit A, annexed to said complainant's bill of complaint, and placed the same in the custody and under the control of said C. Cavaroc & Son, as the whole is charged in said bill of complaint. But these defendants aver and charge the truth and the fact to be that, on or about the 30th day of August, 1873, the said New Orleans National Banking Association entered into an agreement with F. Schuchardt & Sons, of New York, also defendants, whereby said Schuchardt & Sons agreed to discount or to sell, in the city of New York, after having endorsed the same in order to add to the credit and negotiability thereof in said city of New York, such drafts or bills of exchange as the said New Orleans National Banking Association should draw on sundry bankers or other persons, among-

88 others Seignouret Frères, of Bordeaux, (France,) the proceeds of such discount or sale, after deducting commissions and other charges, to be credited to the said New Orleans National Banking Association. They further aver and charge that said arrangement contemplated the deposit of securities of said association in the hands of the commercial firm of C. Cavaroc & Son, these defendants, the said securities so to remain on deposit in trust and pledge until, and to secure, the acceptance of the drafts or bills so drawn or their payment, should the said F. Schuchardt & Sons, defendants, prefer to have said trust subsist until that time; in which whole matter these defendants,

C. Cavaroc & Son, were the agents and trustees of both parties in the premises and to carry out the said arrangement as such.

And these defendants further admit and they claim, and they charge to be the truth, that on or about the 17th day of September, 1873, the said New Orleans National Banking Association did draw, in pursuance of the said arrangement just above recited, on Seignouret Frères, of Bordeaux, France, five bills of exchange for the sum of fifty thousand francs each, aggregating together the sum of two hundred and fifty thousand francs, which said bills were, by the cashier of said association, transmitted to these defendants enclosed, and together, with a letter dated on said 17th September, 1873, addressed to the said F. Schuchardt & Sons, requesting them, said Schuchardt & Sons, to sell the same on arrival. An extract of said letter is annexed to said F. Schuchardt & Sons' answer in this cause, marked "Exhibit A." And these defendants further aver and charge as being the truth and the fact, as they are informed and believe, that upon receipt of said bills and letter, the said F. Schuchardt & Sons, as they are informed, sold the said bills in
89 New York after having put their endorsement thereon, and that the sale, so made as aforesaid, brought the net sum of fifty thousand eight hundred and sixty-six 32-100 dollars, which they, said F. Schuchardt & Sons, credited to said association's account; and that they are informed and believe that the said F. Schuchardt & Sons advised the said association of said sale and of its having been credited of said proceeds by the two letters addressed to the cashier of said association by them, said Schuchardt & Sons, and of which copies are annexed to said Schuchardt & Sons' answer herein, marked "Exhibit B." And these defendants further aver and charge (the said Charles Cavaroc, junior, however, averring and charging the same as upon information and belief only) that, upon receiving said letters of advice from the said F. Schuchardt & Sons, the said New Orleans National Banking Association charged and debited them, the said Schuchardt & Sons, with the amount of said bills of exchange; and that the said banking association did thereupon and subsequently draw upon the said F. Schuchardt & Sons sundry drafts or bills of exchange whereby the said association drew from them, the said Schuchardt & Sons, the aforesaid proceeds of the sale of said bills or drafts drawn on Seignouret Frères, as aforesaid.

And these defendants, further answering, aver that it is not true that, at the time of the drawing of said bills of exchange on Seignouret Frères, no pledge of any objects or securities of said New Orleans National Banking Association was made to said F. Schuchardt & Sons, or any other person or corporation for them or for their benefit; and they further aver that it is untrue that none of the securities of said
90 banking association were delivered to said C. Cavaroc & Son, or to any other person or bodies corporate, for the purpose of securing the said defendants F. Schuchardt & Sons, or any party or holder of said bills; but, on the contrary, these defendants aver that the securities described in the letter marked "Exhibit C," and the schedule marked "Exhibit D," both annexed to said F. Schuchardt & Sons' answer herein, were placed by said banking association in the hands of these defendants, C. Cavaroc & Son, on the 18th day of September, 1873, according to the agreement above recited, as a security to said F. Schuchardt & Sons, defendants, to guarantee the acceptance or payment of the bills of exchange for 250,000 francs drawn on Seignouret Frères, as aforesaid.

And these defendants, further answering, say that in the premises they

are the trustees of the said F. Schuchardt & Sons, defendants, and that these defendants, C. Cavaroc & Son, as such trustees, are entitled, by virtue of the arrangement aforesaid, to detain the said securities (both those hereinbefore mentioned and described in schedule marked "Exhibit D," annexed to said Schuchardt & Sons' answer herein, and those hereinafter mentioned and described in Exhibit E, also annexed to the same answer) for the benefit of the said F. Schuchardt & Sons, who have thereby acquired a right of pledge thereon, which entitles them to be paid by preference over all other persons out of the proceeds thereof, whether such proceeds result from the payment thereof by the debtors thereof or from the sale of said securities made according to law; and that these defendants are entitled to the possession of the same as such trustees until the obligation above recited, for which said securities were so pledged, shall have been satisfied. But these defend-
91 ants deny that they claim any right of ownership, and that the said F. Schuchardt & Sons, as they are informed and believe, claim any such right of or to the said securities, or any other right than that above set forth; and these defendants claim that they, as such trustees, or the said Schuchardt & Sons, are entitled, by virtue of their said right of pledge, to have the said securities sold at public sale, after judgment, to satisfy the aforesaid claim of the said F. Schuchardt & Sons against the said New Orleans National Banking Association.

And these defendants, further answering, say that subsequently to the said 18th day of September, 1873, the said New Orleans National Banking Association, having a necessity to use for other purposes a portion of the securities which had on said day been deposited in the hands of these defendants for the guarantee of said F. Schuchardt & Sons, as aforesaid, did obtain from these defendants (C. Cavaroc & Son) that some of the said securities should be returned to the said banking association in exchange for other securities, which were thereupon immediately delivered to these defendants by the said banking association, the same to stand in lieu and place of those so returned, as a guarantee to said Schuchardt & Sons for the same objects and purposes as aforesaid; and that, by virtue thereof, the following notes delivered to said Cavaroc & Son, these defendants, on the said 18th day of September, 1873, were so returned to the said banking association by these said defendants, C. Cavaroc & Son, to wit: A. Lastrapes' note, due December 7, 1873, for $6,250.00; Levy & Haas' note, due November 30, 1873, for $247.07; Smith & Goldsmith's note, due November 29, 1873,
92 for $25,000.00; and that, also, by virtue thereof, the notes numbered from number one to number nineteen and number twenty-one on the schedule annexed to and made part of defendants', F. Schuchardt & Sons, herein, marked "Exhibit F," were substituted therefor and delivered accordingly to these defendants by the said association, in trust as aforesaid.

And these defendants admit that when the said securities were so put in their possession, as aforesaid, they, as well as said Schuchardt & Sons, defendants, knew that they were a portion of the portfolio of the said association; but they deny that they knew that the said association was insolvent at that time; but they charge and aver that they verily believe that, at the said time, the said association was not insolvent, as set forth in said complainant's bill of complaint. And these defendants further say that they are advised and believe that the said complainant, as receiver of said New Orleans National Banking Association, is not entitled to administer the said assets given as guarantee, as aforesaid; and they charge that they are entitled to retain possession

of the said securities, as trustees aforesaid, until the said F. Schuchardt & Sons shall have been paid of their just claim against the said banking association for which the same were given in trust and pledge; and they further aver and charge as being the fact that, at the time when the pledge and trust of said securities was made in favor of said Schuchardt & Sons, as aforesaid, the said banking association had a perfect and complete right to give such pledge and trust to secure an obligation then contracted in good faith, and so did give such pledge and trust, not with a view to give the defendants, F. Schuchardt & Sons,

93 any undue or unlawful preference over its other creditors, but solely as the sanction of a lawful and valid contract made in the interest and for the benefit of said banking association, and not to guarantee a pre-existing debt contracted without the stipulation of such securities. And these defendants further say that in all the transactions above recited there was no intent to violate the act of Congress of June 3d, 1864, referred to in said complainant's bill of complaint, or the 52d section or any other section thereof, or to prevent the application of any of the assets of said banking association in the manner provided in the said act.

And further answering, these defendants say that they deny that said transfer and delivery of said securities was made without the authority of the board of directors of said association, or in fraud of the rights of the creditors thereof, and that the same is null and void; and they further deny that no title to said securities or right has passed to the said F. Schuchardt & Sons; and that the said complainant has any right to the restoration of the same or of the proceeds of such thereof as may have been or may be collected; and they aver that said transfer and delivery of said securities was with the knowledge, authority, and sanction of the board of directors of said banking association, and not in fraud of the rights of its creditors, and that the same is good and valid; and that they are advised and believe that the said Schuchardt & Sons have acquired title to said securities, as hereinbefore set forth, and that said complainant has no right to the possession of the said securities or their proceeds as in his said bill claimed.

And further answering, these defendants say that, in all their actings

94 and doings in the premises, they have acted in good faith and in due course of business, without any knowledge of any insolvency or act of insolvency of said banking association; that said banking association was in good credit during the entire time of said transactions and up to the time of its suspension, to wit, October 4th, 1873.

And these defendants deny all and all manner of unlawful combination and confederacy wherewith they are by the said bill charged, without this that there is any matter, cause, or thing in said complainant's said bill of complaint contained material or necessary for these defendants to make answer unto, and not herein and hereby well and sufficiently answered, confessed, traversed and avoided, or denied, is not true to the knowledge or belief of these defendants; all which matters and things these defendants are ready and willing to aver, maintain, and prove, as this honorable court shall direct; and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

And these defendants, being specially required to answer the interrogatories numbered 1, 2, 3, and 4, annexed to said complainant's said bill of complaint, do now jointly and severally, and each one of them for himself respectively and individually, make the following answers:

To the first interrogatory. These defendants at the time of the insti-

tution of this suit held in trust for the said F. Schuchardt & Sons, defendants, and had in their possession and control as such trustees, the bills and securities named and set forth in Exhibit A, annexed to said complainant's bill of complaint, excepting such portions thereof as they had previously collected and realized, as will appear from the
95 schedule marked "Exhibit G," annexed to the answer of defendants, F. Schuchardt & Sons, in this cause. Of these assets, the following came into the possession of these defendants (C. Cavaroc & Son) as trustees aforesaid, on the 18th September, 1873, to-wit, the notes of T. A. & S. H. Bass, John Williams & Sons, P. S. Wiltz & Co. and Thomas Schorr; and that the other securities described in Exhibit A, annexed to said complainant's bill of complaint, came into the possession of these defendants some time between the eighteenth day of September, 1873, and the fourth day of October, 1873, having been given to them in substitution of the notes of A. Lastrapes for $6,250.00, Levy & Haas for $247.07, and Smith & Goldsmith for $25,000.00, and in exchange for said notes, which were by them returned to said New Orleans National Banking Association, the said substituted notes to stand in the hands of these defendants in lieu and stead of the notes so returned, and for the same objects and purposes and on the same terms and conditions.

The purpose for which all the securities described and specified in Exhibit A, annexed to said complainant's bill of complaint, had been so placed in these defendants' possession, was to secure the said firm of F. Schuchardt & Sons, defendants, against the non-acceptance and non-payment, or either, at the option of the said F. Schuchardt & Sons, of five bills of exchange or drafts for the sum of fifty thousand francs each, aggregating together the sum of two hundred and fifty thousand francs, which the said New Orleans National Banking Association did, on the 17th September, 1873, draw on Seignouret Frères, of Bordeaux, France, and which were on said day transmitted by said banking
96 association to the said F. Schuchardt & Sons to be by them sold, after having been endorsed by them, and the proceeds credited to said banking association, the whole agreeably with the agreement hereinbefore recited. The said drafts not having been paid by the said Seignouret Frères, the said banking association is liable to said F. Schuchardt & Sons, defendants, for the amount thereof, damages and costs. These defendants (C. Cavaroc & Son) claim to have no interest in the securities described in said schedule marked "Exhibit A," annexed to said complainant's bill, but they claim a right to the possession and control of said securities, as trustees or depositaries for the said F. Schuchardt & Sons, who are pledgees of said securities, and the privilege of detaining them until payment of the obligation to secure which they were pledged, and the right of enforcing payment of said obligations out of the same, according to the laws of Louisiana respecting the contract of pledge.

To the second interrogatory. These defendants do not claim, nor do they believe that the said F. Schuchardt & Sons claim, the right to sell the said securities, unless after judgment and a decree of a court ordering such sale to satisfy such judgment. But they are advised, and they claim they have the right as trustees, to collect the same and to apply the proceeds of such collection to the payment, or part payment, of the debt or obligation for which they were pledged, that is to say, the obligation of said New Orleans Banking Association in favor of F. Schuchardt & Sons, defendants, described in the preceding answer and in the body of the foregoing answer. The authority therefor these defendants claim to have acquired, as hereinbefore already stated, on or

97 about the 30th day of August, 1873, by virtue of the agreement made in the city of New York between F. Schuchardt & Sons and said banking association, (as more particularly set forth hereinbefore,) and was derived also from the letters of said banking association of the 17th and 18th September, 1873, annexed to the answer of said defendants, F. Schuchardt & Sons, herein, and marked respectively "Exhibit A" and "Exhibit C," said letters being in compliance with said agreement, and also by virtue of the agreement verbally made with C. Cavaroc, junior, representing said banking association, on said 30th day of August, 1873, or thereabouts.

To the third interrogatory. These defendants have, previous to turning the said securities over to the receiver herein appointed, collected certain of said securities in whole and received part payments on others, all subsequent to the first of September, 1873, as is shown in schedule marked "Exhibit G," annexed to the answer of F. Schuchardt & Sons herein, to which reference is here and hereby specially made to show such collections. Of the proceeds so realized and collected these defendants have paid for charges, expenses, and costs incidental to the proper protection of the said securities, the sum of $124.00, as shown in said Exhibit G, already referred to; and they have paid over the balance thereof, say eight thousand seven hundred and sixty-nine 50-100 dollars, of which in currency, $6,969.51, and in gold $1,799.99, to Charles DeRuyter, esq., the receiver appointed herein, by order of this honorable circuit court.

To the fourth interrogatory. These defendants have not now, or at any time since the first of September, 1873, received from the New
98 Orleans National Banking Association any other or different bills, notes, or other securities than described in said exhibit marked A, annexed to the bill of complaint herein, except those hereinafter, to wit: A. Lastrapes' note for $6,250.00, Levy & Haas' note for $247.07, and Smith & Goldsmith's note for $25,000.00, which had been placed in their hands in trust for said defendants, Schuchardt & Sons, on the 18th September, 1873; but these three notes were returned to said association as set forth in the answer to the first interrogatory hereinbefore, to which reference is here specially made for more specific information on the subject.

C. CAVAROC,
C. CAVAROC, J'R,
Defendants.

BILLINGS & HUGHES,
FERJUS FUSELIER,
Solicitors for Defendants.

Charles Cavaroc, senior, and Charles Cavaroc, junior, being duly sworn, do severally, and each for himself individually and as partners of the firm of C. Cavaroc & Son, depose and say that they are respectively the defendants named in the foregoing answer subscribed by them; that they are the members of the said firm of C. Cavaroc & Son; that they have read the foregoing answer and know the contents thereof, and that the same is true of their own knowledge, except as to the matters therein stated on information and belief, and as to those matters they verily believe it to be true.

C. CAVAROC.
C. CAVAROC, J'R.

Subscribed and sworn to before me this 5th day of May, 1874.

F. B. VINOT,
U. S. Commissioner.

99 *Replication to answer of F. Schuchardt & Sons.—Filed June 1, 1874.*

United States circuit court, fifth circuit and district of Louisiana. In equity.

JOHN COCKREM, RECEIVER NEW ORLEANS National Banking Association, *vs.* F. SCHUCHARDT ET AL. } No. 7074.

The replication of John Cockrem, receiver of the New Orleans National Banking Association, complainant, to the answer of Frederick Schuchardt, Lawrence Wells, and Edward S. Wells, individually and as members of the firm of F. Schuchardt & Sons, defendants.

This repliant, saving and reserving unto himself now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said answer, for replication thereunto says that he will aver, maintain, and prove his said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by this repliant.

Without this, that any other matter or thing whatsoever in the said answer contained, material or effectual in the law to be replied unto, confessed or avoided, traversed or denied, is true.

100 All which matters and things this repliant is and will be ready to aver, maintain, and prove as this honorable court shall direct, and humbly prays as in and by his said bill he has already prayed.

J. D. ROUSE,
Solicitor for Complainant.

Replication to answer of C. Cavaroc & Son.—Filed June 1, 1874.

United States circuit court, fifth circuit and district of Louisiana. In equity.

JOHN COCKREM, RECEIVER NEW ORLEANS National Banking Association, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The replication of John Cockrem, receiver of the New Orleans National Banking Association, complainant, to the answer of Charles Cavaroc, senior, and Charles Cavaroc, junior, individually and as members of the commercial partnership of C. Cavaroc & Son, defendants.

This repliant, saving and reserving unto himself now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said answer, for replication thereunto says that he will aver, maintain,

101 and prove his said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by this replicant.

Without this, that any other matters or things whatsoever in the said

answer contained, material or effectual in the law to be replied unto, and not herein and hereby well and sufficiently replied unto, confessed, or avoided, traversed or denied, is true.

All which matters and things this repliant is and will be ready to aver, maintain, and prove as this honorable court may direct, and humbly prays as in and by his said bill he has already prayed.

J. D. ROUSE,
Solicitor for Complainant.

102 *Entry at rules.—Extract from chancery order-book of June 1st, 1874.*

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The complainant has this day filed his replication to the answer of the defendants, F. Schuchardt & Sons.

Entry at rules.—Extract from chancery order-book of June 1st, 1874.

JOHN COCKREM, RECEIVER, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The complainant has this day filed his replication to the answer o the defendants, Cha's Cavaroc & Son.

Motion & order in re of E. F. Mioton, bankrupt.—Entered & filed June 17th, 1874.

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'K'G ASS'N, *vs.* F. SCHUCHARDT ET AL. } No. 7074.

On joint motion of J. D. Rouse, solicitor for complainant, and F.
103 Fuselier, solicitor for defendants, it is ordered that the receiver pendente lite herein be authorized in the matter of E. F. Mioton, bankrupt, No. 1414, in the United States district court for the district of Louisiana, and as creditors of said Mioton, to vote at the general meeting of creditors, to be holden June 18th, 1874, either for an assignee or for the appointment of trustees under the 43d section of the bankruptcy act, and to concur in such agreement, as to the disposition and application of said bankrupt's estate, as shall meet the approval of three fourths in value of all the creditors thereof who shall have proved their claims.

Motion & order extending time for taking testimony.—Entered and filed June 18th, 1874.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R N. O. NAT. B'K'G ASS'N, *vs.* SCHUCHARDT & AL. } No. 7074.

104 On motion of J. D. Rouse, solicitor for complainant, it is ordered that the time for taking testimony in this cause be enlarged and extended to Dec. 1st, 1874.

Petition and order allowing $500 on account to receiver.—Filed June 20th, 1874.

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, REC'R OF THE NEW ORLEANS National Banking Association, *vs.* SCHUCHARDT ET AL. } No. 7074.

To the honorable the judges of said court:

Charles De Ruyter, heretofore appointed receiver herein pendente lite, respectfully shows that he long since entered upon his duties as such, and has given diligent care and attention to his duties in the premises.

And he respectfully asks that he be allowed on account of his compensation as such receiver the sum of five hundred dollars, to be paid out of the funds by him collected.

(Signed) CHARLES DE RUYTER.

105 • Let Charles De Ruyter, receiver, be allowed the sum of five hundred dollars on account of his compensation, as prayed for.

New Orleans, June 20th, 1874.

(Signed) W. B. WOODS, *Judge.*

Motion & order authorizing Ch's De Ruyter, receiver, to invest money.—Entered and filed June 20th, 1874.

United States circuit court, district of Louisiana.

COCKREM, REC'R, &C., *vs.* SCHUCHARDT ET AL. } No. 7074.

On joint motion of J. D. Rouse, solicitor for complainant, and Billings & Hughes, solicitors for defendants, it is ordered that the receiver herein appointed pendente lite, Cha's De Ruyter, esq., be authorized and required to invest the money collected by him as such receiver in United States bonds pending the litigation herein.

Agreement extending time to take testimony.—Filed Dec. 7th, 1874.

United States circuit court, district of Louisiana. In equity.

106 COCKREM, RECEIVER N. O. NAT. B'K'G ASS'N *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

By mutual consent of the parties, the time for taking testimony in the above-named cause is enlarged and extended to the first Monday of January, 1875.

New Orleans, Dec. 1st, 1874.

(Signed) J. D. ROUSE, *Sol'r. for Compl't.*

" BILLINGS & HUGHES, *Sol'rs for Defendants.*

" FERGUS FUSELIER, *Sol'r for Defendants.*

Agreement extending time to take testimony.—Filed January 4th, 1875.

United States circuit court. In equity.

JOHN COCKREM, REC'R OF N. O. NAT. B'K'G ASS'N,
vs.
SCHUCHARDT ET AL. } No. 7074.

It is hereby agreed that the time for taking testimony herein be enlarged and extended to the first Monday of February, 1875.

107 (Signed) J. D. ROUSE,
Sol'r for Compl't.
" BILLINGS & HUGHES,
For Defendants.
" FERGUS FUSELIER,
For Schuchardt & Sons.

Notice.—Filed January 25th, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R,
vs.
SCHUCHARDT ET AL. } No. 7074.

The defendants in the above-entitled cause are hereby notified that on Monday next, the 25th day of January, 1875, at 11 a. m., or as soon thereafter as counsel can be heard, Nicholas W. Casey will apply to said court for leave to file his supplemental bill of complaint, praying to be substituted as complainant in said suit in lieu of John Cockrem, to whom he has succeeded as receiver of said New Orleans National Banking Association.

N. O., Jan'y 23, '73.
(Signed) J. D. ROUSE, *Solicitor.*

108 Received a copy of above notice January 23d, 1873.
(Signed) FERGUS FUSELIER,
Sol'r for Defendants.

Supplemental bill substituting N. W. Casey as complainant.—Filed January 28th, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'K'G ASS'N,
vs.
F. SCHUCHARDT & AL. } No. 7074.

To the hon. the judges of said court:

The supplemental bill of complaint exhibited by Nicholas W. Casey, a citizen of the State of Louisiana, residing in the city of New Orleans, against the said defendants, the commercial partnership of Cavaroc & Son, Charles Cavaroc, senior, and Charles Cavaroc, j'r, F. Schuchardt & Sons, Frederick Schuchardt, Lawrence Wells, and Edward Wells, respectfully shows:

That heretofore, to wit, on the day of November, A. D. 1873,
109 the said John Cockrem, then being receiver of the New National Banking Association, exhibited against said defendants, and filed in said court his original bill of complaint setting forth and alleging that assets belonging to said banking association, a schedule of which is annexed to said bill of complaint as Exhibit A, were in the possession of, and under the control of, C. Cavaroc & Son, who refused to deliver the same to the complainant, and praying process of subpœna against each of said defendants, and for a writ of injunction pendente lite, restraining them from disposing of such assets, said injunction to be made perpetual on final hearing.

And said complainant further prayed "that after due proceedings had, your honors do further adjudge, decree, and order the said defendants, each and all of them, to render a true, full, and correct discovery, statement, and account, and of all and singular said notes, assets, and securities so received by them since the 20th day of September,
110 1873, as well as all and singular the proceeds thereof, or any part thereof, in money or other valuable thing, which may have come into their possession, or the possession of either of them, from the redemption, payment, sale, or exchange thereof; and that they may collectively and severally be ordered to deliver the same to your orator to be marshaled with the assets of said New Orleans National Banking Association, and administered by your orator in his said capacity in the manner directed by law, and for the general benefit of all the creditors thereof in the order in which the law directs that the same shall be paid."

And said complainant prayed for general relief, all of which will more fully appear on reference to said original bill of complaint now on file.

And afterwards said defendants appeared and answered the said bill of complaint, and the complainant filed his replications to said answers, and a receiver was appointed to take possession of and hold said assets pendente lite, and said suit is still pending and undetermined.

111 And the said Nicholas W. Casey further shows, that since said suit was put at issue, the said John Cockrem resigned his office as receiver aforesaid, and that thereupon he, the said Casey, having been duly appointed thereto by the Comptroller of the Currency, and qualified as such, became, and now is, receiver of said banking association, and in the full and lawful discharge of his duties as such.

Wherefore the said Nicholas W. Casey prays that he may be substituted for the said John Cockrem herein, in his official capacity as receiver as aforesaid, as complainant, and that he may have the benefit of said suit and proceedings against the said defendants, and the same relief and decree against them as the said Cockrem might have had; (the prayer of his said bill being hereby adopted) and such other and further relief as the nature of the case and equity and good conscience may require.

(Signed) J. D. ROUSE,
Sol'r for Compl't.
J. R. BECKWITH,
Counsel.

112 *Order thereon.*

Let the within supplemental bill be filed, and let Nicholas W. Casey be substituted for "John Cockrem, receiver," as complainant in the

within-entitled cause, and have the benefit of the proceedings therein, and the same relief and decree against the defendants as the said John Cockrem might have had as prayed for.

New Orleans, January 28th, 1875.

(Signed) W. B. WOODS, *Judge.*

Motion and order.—Time extended to take testimony and examiner appointed.—Extract from the minutes November term, 1874.

NEW ORLEANS, *Thursday, January 28th*, 1875.

Court met pursuant to adjournment.

Present, Hon. W. B. Woods, circuit judge.

COCKREM, REC'R, *vs* SCHUCHARDT ET AL. } No. 7074.

Upon suggestion that in this suit it has been necessary to file supplemental bill of complaint, substituting N. W. Casey as complainant,
113 and that owing to the absence of a judge of this court the necessary order therefor could not be obtained, on motion of solicitors for complainant it is ordered that the time for taking evidence in said suits be enlarged and extended to the 1st Monday in March.

And it is further ordered that F. A. Woolfley, esq., be appointed special examiner therein, under the 67th rule as amended, to take the depositions therein.

Agreement extending time to take testimony.—Filed March 2d, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R, &C., *vs.* SCHUCHARDT & ALS. } No. 7074.

By mutual agreement the time for taking evidence in this cause is again enlarged and extended a period of fifteen days from this date, March 1st, 1875.

(Signed) J. D. ROUSE,
Sol'r for Compl't.

" FERGUS FUSELIER,
Sol'r for Defendants.

14 *Motion & order.—Case fixed.—Entered & filed May 13th*, 1875.

United States circuit court.

JOHN COCKREM, REC'R, &C., *vs.* F. SCHUCHARDT & SONS ET ALS. } No. 7074.

On motion of E. C. Billings, solicitor for respondents, ordered that this cause be set for hearing on the 25th day of May, 1875, at 11 a. m., and that the complainant be notified.

115 *Testimony for complainant.—Filed May 22d*, 1875.

United States circuit court, fifth circuit, district of Louisiana. In equity.

JOHN COCKREM, RECEIVER OF THE NEW Orleans National Banking Association, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

Testimony taken on the part of the complainant, under the 67th rule of practice for the courts of equity of the United States, by F. A. Woolfley, special examiner, duly appointed by the aforesaid court to take the depositions of the witnesses in the above-entitled cause.

NEW ORLEANS, *Thursday, March* 11, 1875.

Present, J. D. Rouse and J. R. Beckwith, esq's, for complainant; F. Fuselier, esq., for defendants.

HENRY BLACHE, a witness produced on behalf of complainant, being duly sworn, deposes and says:

By M'r Rouse:

Ques. Were you the cashier of the New Orleans Banking Association?

Ans. Yes, sir.

Ques. When?

Ans. From November, 1872, up to the date of the failure, October 4th, 1873.

116 Ques. Who was president of that bank?

Ans. M'r C. Cavaroc.

Ques. Did that bank have any dealings with the house of Schuchardt & Sons, of New York?

Ans. Yes, sir; they were the correspondents of the bank.

Ques. What was the nature of the dealings with Schuchardt & Sons?

Ans. We drew bills of exchange on them and negotiated bills in Europe through them.

Ques. For how long a time prior to the failure of the bank had your negotiations been with them?

Ans. Ever since C. Cavaroc was president of the bank.

Ques. During the summer of 1873 what was the general condition of your account with Schuchardt & Sons?

Ans. It was overdrawn most of the time.

Ques. To what extent?

Ans. The amounts varied; but sometimes up to $150,000.

Ques. Did you receive any communication from them remonstrating against the continuance of that kind of business?

Ans. Yes, sir; several times; but especially on the 31st of May there was a letter received.

Ques. Can you produce the letter?

Ans. Yes, sir.

Defendants object to the production of the letter, as the transaction declared upon this case did not take place until the 17th September, 1873.

Complainant offers in evidence said letter dated May 31st, 1873,

117 from Schuchardt & Sons, of New York, to the New Orleans National Banking Association, and is objected to by defendants on the ground of irrelevancy, not having any connection with the con-

tract assailed in the complainant's bill, and also being long anterior to the action complained of.

(Said letter is marked "Exhibit Blache 1.")

Ques. In the earlier transactions with Schuchardt & Sons, was it customary for the bank to give any security for its bills which were negotiated by Schuchardt & Sons?

Ans. No, sir.

Ques. What gave rise to such requirement on their part, when such requirement was made?

Ans. The inference to be drawn was that they did not consider the bills safe without collaterals.

(Defendants object to the opinion of the witness on facts.)

Ques. When did they first make objection to negotiating bills without security?

Ans. In the month of August, 1873, I believe.

Ques. What arrangement was then made?

Ans. It was agreed that they would not negotiate more than five hundred thousand fran's on Seignouret Frères, and that collaterals should be placed in the hands of Cavaroc & Son in trust, to secure either the acceptance or the payment of the draft.

Ques. Did the bank afterwards draw on Seignouret Frères any bills which were remitted to Schuchardt & Sons?

Ans. Yes, sir. On the 17th September, 1873, we drew two hundred and fifty thousand francs, which were remitted to Schuchardt & Sons.

Ques. Please examine Exhibit A annexed to the answer of
118 Schuchardt & Sons, and state whether that is a correct extract from the original letter written by the bank on remitting the bills?

Ans. Yes, sir; it is.

Ques. It has been pretended by the defendants in this case that certain notes and bills were transferred from the bank to the possession of Cavaroc & Son as a security for these bills; state whether any such transfer was made?

Ans. On the 18th September, the date after the drawing of the drafts, a list of securities amounting to $60,000 was made out and transmitted to Schuchardt & Sons.

Ques. Were the securities removed from the bank?

Ans. No, sir.

Ques. Were any of the notes in that list afterwards transferred to any other parties?

Ans. Yes, sir; about half of them were transferred to the clearing-house.

Ques. Did the bank receive any advices from Schuchardt & Sons that they were unable to sell the exchange which you had drawn on Seignouret Frères which you had forwarded?

Ans. I do not recollect that. I know that they had to sell their own drafts.

Ques. Is this letter addressed to Henry Blache, cashier of the New Orleans National Banking Association, and dated September 22, 1873, a letter received from Schuchardt & Sons?

Ans. Yes, sir.

Ques. Do you know the signature?

Ans. Yes, sir.

(Complainant offers said letter in evidence, marked as "Exhibit Blache 2.")

119 Ques. What was the next communication you received from Schuchardt & Sons?

Ans. Next to the letter of the 22d is the letter of the 23d September, 1873, which I now produce.

(Offered in evidence by complainant, and marked "Blache 3.")

Ques. What was the next communication you received from Schuchardt & Sons?

Ans. The letter dated September 24th, which I now produce.

(Offered in evidence by complainant, and marked "Blache 4.")

Ques. When did you again receive a communication from them?

Ans. The next one is dated September 25, 1873.

(Offered in evidence by complainant, and marked "Blache 5.")

Ques. What was the general condition of the bank during the latter part of September, 1873?

Ans. It was in a very bad condition.

Ques. Was it pressed for money to meet its current liabilities?

Ans. Yes, sir.

Ques. How long had it been in financial difficulties?

Ans. Several months previous to that time.

Ques. What was its actual condition as to solvency or insolvency?

Ans. I considered it was insolvent from the early part of 1873.

Ques. Have you made a careful examination of its assets as they existed at that time, with the view of ascertaining its actual condition?

120 Ans. I have. Here it is.

Ques. Was this statement prepared by you?

Ans. Yes, sir.

(Defendant's solicitor objects on the ground that the statement referred to is not an official one; the witness not being cashier of the bank, has no capacity to make a statement of the bank at the present time and must testify from his knowledge outside of any statement.)

Ques. Have you knowledge of the facts therein stated?

(Objected to as before.)

Ans. Yes, sir.

(Complainant offers in evidence the statement referred to by the witness, marked "Blache 6." Defendants objecting to its introduction.)

Ques. Does that statement (Blache 6) show the actual condition of the bank on the 30th June, 1873?

Ans. Yes, sir.

Ques. What was the condition of the bank on the last day of May, 1873?

(Defendants object, as the question refers to matters long anterior to the transaction complained of.)

Ans. The condition was such that the bank had no currency to pay its liabilities, only a few thousand dollars.

Ques. How did it manage to get through that day?

(Objected to by defendants for the above reason, and as having no connection with the case at bar.)

Ans. On that morning, the 31st May, we paid our balances of exchange through the clearing-house against the bank, with a deposit of $25,000 made that morning; it was a new account opened.

121 Ques. Had the president of the bank previously made any effort to get assistance from the city banks up to the 31st of May?

Ans. Yes, sir; he called on the bank presidents here for assistance.

Ques. What was the result of such call?

Ans. The result was a meeting held at the banking house on the first day of June, and a loan made to the insurance association of three hundred and odd thousand dollars.

Ques. How did the bank become the beneficiary of that loan?

Ans. By a deposit of the money made by the insurance association in the bank.

Ques. Who was president of the insurance association?

Ans. M'r Cavaroc.

Ques. He was also president of the bank?

Ans. Yes, sir.

Ques. Did the bank borrow any money from other sources, and discount any portion of its portfolio in June, 1873?

Ans. Yes, sir; we borrowed $150,000 from the National Park Bank of New York, and discounted $40,000 of the portfolio in the Bank of America, and $25,000 in the Mutual National Bank.

Ques. What was the occasion for such loans?

Ans. The want of money by the bank.

Ques. Were there any special calls upon it for money?

Ans. Yes, sir; about $400,000 of deposits were withdrawn in the course of ten or fifteen days.

Ques. When were such withdrawals made?

Ans. In May and June, 1873.

122 Ques. What other devices did the bank resort to to obtain money during the summer of 1873?

Ans. We borrowed from various banks, bankers, and institutions in Europe. We borrowed from the Crédit Mobilier, of Paris, $220,000, from A. A. Lafargue, of Bordeaux, about $150,000.

Ques. What was the condition of the portfolio of the bank during that summer?

Ans. There were $300,000 or $400,000 of protested and suspended paper of one, two, three, and four years' date.

Ques. What was the general character of the active portion of the portfolio?

Ans. It was bad, and had to be renewed continually.

Ques. What dispositions were made of it, or pretended to be made?

Ans. There were pledges to different parties amounting altogether to $700,000 or $800,000.

Ques. Were these pledges entered upon the books?

Ans. No, sir.

Ques. Or removed from the bank?

Ans. No, sir.

Ques. When did the bank suspend payment of its obligations in currency?

Ans. On the 25th September, 1873, except for sums of $25.

Ques. When did it suspend payment altogether?

Ans. On the morning of the 6th of October.

(Defendant's solicitor objects to all of the above testimony, such objection having been deferred by agreement.)

Ques. Have you been in the employ of the receiver of the New Orleans National Banking Association since its failure?

123 Ans. Yes, sir; since the month of January, 1874.

Ques. What amount of unmatured notes and bills discounted came into the hands of the receiver?

Ans. Between $65,000 and $70,000.

Ques. What became of the balance of the portfolio that did not come

into the hands of the receiver; was it removed from the bank after its failure?

Ans. Yes, sir.

Ques. Into whose possession did it pass?

Ans. Into the possession of C. Cavaroc & Son, as trustees.

Ques. Was it still carried on the books of the bank as if on hand, or had it been charged up to any particular account?

Ans. It stood on the books as the property of the bank.

Ques. Were the notes which were discounted by the New Orleans National Banking Association generally made payable to the order of the bank?

Ans. As a general thing, yes, sir; they were.

Ques. Explain how it was done.

Ans. The notes were passed to the order of the bank by applying a stamp made for that purpose above the signature of the last endorser.

Ques. These notes that were removed from the bank and passed over to the hands of Cavaroc & Son after the failure, were they endorsed by the bank?

Ans. No, sir; not to my knowledge.

Ques. Did you afterwards endorse any of them?

Ans. Yes, sir; I endorsed some of them.

Ques. By whose directions?

Ans. By M'r Cavaroc's direction.

124 Ques. Is this the statement-book of the bank?

(Book presented to witness.)

Ans. Yes, sir.

Ques. When were these statements in it made?

Ans. They were made in the morning of each day, representing the banking operations of the previous banking day.

Complainant offers in evidence the statements in the statement-book from the 24th September to the 6th October, inclusive, and marked "Blache 7."

(Defendants object to its introduction, it not being shown that Schuchardt & Sons, the defendants, were privy to any of the entries made in the books, or had any connection with the making of any entries therein, or knew of the same.

And it is further objected by the defendants, because the statements embody transactions in the condition of the bank only subsequent to the transactions complained of in the complainant's bill of complaint.

The examiner is to certify copies to be used in lieu of the originals.)

Ques. Were there any statements made for the 1st, 2d, and 3d October?

Ans. No, sir; I do not see any.

Q. What do these statements represent? The balances of accounts as they stood in the ledger of the bank?

Ans. Yes, sir.

Ques. How was the item "checks on local banks" absorbed from day to day?

Ans. By checks held by other banks and drawn on our bank.

125 Ques. Under the head of "gold, notes, and bills discounted," "bills receivable," and "notes and bills discounted, old portfolio," is the entire portfolio of the bank enumerated?

Ans. Yes, sir.

Ques. Do these items include notes, which you say were transferred from the bank afterwards and placed in the hands of C. Cavaroc & Son?

Ans. Yes, sir.
Ques. Does it include the notes involved in this suit?
Ans. Yes, sir.

Cross-examined by M'r Fuselier for defendants:

Ques. You say that Schuchardt & Sons objected to any more drafts being made upon them, or having any more transactions with the bank on them, or receiving any drafts of the bank in August, 1873?
Ans. I did not say on them.
Ques. You say that in August, 1873, they objected to receiving any more drafts of the bank on Seignouret Frères?
Ans. Yes, sir; without security being given.
Ques. How did they make that objection?
Ans. They made it to C. Cavaroc, j'r.
Ques. Did they write any letter to that effect?
Ans. No, sir; not directly to the bank.
Ques. How did you come to the knowledge of such their objection?
Ans. M'r Cavaroc himself told me.
Ques. C. Cavaroc, j'r?
Ans. No, sir; the president of the bank.
Ques. C. Cavaroc, j'r, then, never told you so?
Ans. No, sir.

126 Ques. Was it not this objection, or arrangement as you call it, which led to the contract by virtue of which securities were to be deposited and set apart for Schuchardt & Sons for the drafts drawn on Seignouret Frères?
Ans. Which objection?
Ques. This objection to having any more dealings of that kind without securities being given?
Ans. Yes, sir.
Ques. Then there was such an arrangement made between Schuchardt & Sons and the New Orleans National Banking Association to the effect that they were to be secured by a deposit of the securities of the bank?
Ans. Not direct through the bank, but through Mr. Cavaroc.
Ques. Was the arrangement ever ratified by the bank?
Ans. Well, it was in this way that collaterals were deposited, and when the bank drew its drafts on Seignouret Frères they remitted these drafts to Schuchardt & Sons.
Ques. Will you look at the Exhibit A annexed to the affidavit of Charles Cavaroc, j'r, filed on the 21st February, 1874, in this case, and say whether or not it is a correct abstract of the minutes of the New Orleans National Banking Association on the date stated?
Ans. Yes, sir; it is.
Ques. Were you present at the meeting of which this is a minute?
Ans. Yes, sir.
Ques. Does not that portion of the minutes which refers to the services of C. Cavaroc, j'r, in New York refer to the arrangement made by him with Schuchardt & Sons?

127 (Complainant objects on the ground that the minutes speak for themselves and are not subject to explanation by the witness.)

Ans. I have no personal knowledge of that, but I suppose it refers to it.
Ques. Did not C. Cavaroc, j'r, appear at this meeting and make a report to the directors at that meeting?
Ans. No, sir.
Ques. Did you write the letter marked "Exhibit C" annexed to the answer of Schuchardt in this case, dated September 18, 1873?

Ans. That is a copy of my letter; yes, sir.

Ques. You wrote this letter in your official capacity as cashier of the bank?

Ans. I did.

Ques. Did you enclose the list in this letter as you mentioned?

Ans. Yes, sir; as stated in the letter.

Ques. Have you a copy of that list, or do you find in these papers a copy of that list?

Ans. I have got a copy here.

Ques. Is this Exhibit D annexed to the answer of Schuchardt & Sons a copy of that list?

Ans. Yes, sir.

Ques. What was done with these securities mentioned in that list, after you wrote the letter of the 17th and that of the 18th of September, 1873?

Ans. They were placed in an envelope with the name "Schuchardt & Sons" on it, first handed to M'r Cavaroc, I believe, who handed them back to me for safe-keeping. They remained in my possession for a few days and then went back to the note-clerk.

128 Ques. Was it not understood all the time that these notes were set apart there, either in your possession or that of M'r Cavaroc, in trust for Schuchardt & Sons?

Ans. Yes, sir.

Ques. You stated further on in your testimony that some of these notes were withdrawn from that envelope, and others substituted; did you not?

Ans. Yes, sir.

Ques. How were such substitutions made?

Ans. Because the other papers that were substituted were not available for the clearing-house, and we took $31,000 of those that were originally pledged to Schuchardt & Sons and transferred them to the clearing-house.

Ques. Can you state from this list D what was transferred?

Ans. Yes, sir; the note of A. Lastrapes & Co., $6,250, was transferred to the clearing-house; also the note of Levi & Haas, $247.07, and the note of Smith & Goldsmith for $25,000.00, was also transferred to the clearing-house.

Ques. Please look at the Exhibit E annexed to the answer of Schuchardt & Sons in this case, and state whether or not it contains a list of the notes substituted for those you have just described as having been withdrawn.

Ans. I know nothing about this list E. I do not know when the substitutions were made.

Ques. And you do not know that these were the substituted no es (in Exhibit E?)

Ans. No, sir.

129 Ques. What was the exact nature of the transactions between the bank and Schuchardt & Sons by virtue of which the drafts drawn on Seignouret Frères on the 17th September and the deposit of securities was made; what did Schuchardt & Sons engage to do, and what did the bank?

Ans. The drafts drawn on the 17th September, 1873, on Seignouret Frères of 250,000 francs were remitted to Schuchardt & Sons for negotiation and the proceeds were placed to the credit of the bank, according to the agreement between Schuchardt and Sons and the bank, collaterals to the amount of $60,000 to be set apart to secure the payment of the drafts.

Ques. Were these drafts actually sold in New York by Schuchardt & Sons, drawn on Seignouret Frères?

Ans. No, sir; Schuchardt & Sons sold their own drafts and remitted bank drafts to foreign correspondents.

Ques. The others were sent to Europe?

Ans. Yes, sir.

Ques. Did they not credit the bank with the proceeds of these drafts?

Ans. Yes, sir; the proceeds of their own drafts.

Ques. What did the bank do when it became advised that it had been credited with the proceeds of these drafts?

Ans. The bank drew before the advices.

Ques. On who"?

Ans. On Schuchardt & Sons, the very same day that the bills were remitted.

Ques. For the full amount?

Ans. For the full amount.

Ques. Were these drafts so drawn on Schuchardt & Sons accepted by them?

130 Ans. Yes, sir.

Ques. And they were paid?

Ans. Yes, sir.

Ques. None of these drafts came back on the bank?

Ans. No, sir.

Ques. Did you as cashier of the bank receive from Schuchardt & Sons the two letters annexed to their answer in this case, and marked "B," dated the 24th and 27th of September, 1873?

Ans. Yes, sir.

Ques. Is that statement on the second Exhibit B annexed to or enclosed in the letter of September 27th?

Ans. Yes, sir; it has got that statement.

Ques. And the statement at the foot of the copy of the letter of the 24th September: see whether it is annexed to the letter of the same date?

Ans. The statement must have been enclosed; it was checked by the general book keeper.

Ques. And the statement at the foot of the copy, Exhibit B, dated the 24th September, 1873: was that enclosed in the original letter, or have you any means of knowing or ascertaining whether that statement was enclosed in the letter of the 24th September?

Ans. Yes, sir; it was enclosed.

Defendants offer in evidence Exhibits A, B, and B, C, D, and E, as annexed to the answer of Schuchardt & Sons.

(Complainant objects to the introduction of Exhibit E, filed with the answer of Schuchardt & Sons, on the ground that it is not shown to have emanated from the bank.)

131 Defendants also offer Exhibit E, annexed to the affidavit of Charles Cavaroc, s'r, filed on the 21st February, 1874.

Ques. You state in your examination in-chief that Schuchardt & Sons, at a certain time to which you referred, had declared your exchange, that is the exchange of the bank, unsaleable. What exchange did you refer to?

Ans. I did not say so.

Ques. Then you did not state that Schuchardt & Sons had reported that the exchange on Seignouret Frères sent to them was unsaleable?

Ans. I did not state that.

Ques. You stated that the New Orleans National Banking Association was insolvent; do you mean that it was insolvent on the 17th and 18th September, 1873?

Ans. Yes, sir.

Ques. Was it known to be insolvent in New York?

Ans. I do not know.

Ques. Were the bills, or checks, or drafts of your bank drawn on New York duly honored, immediately before, or after, or on the 17th and 18th of September, 1873?

Ans. Yes, sir; they were all paid.

Ques. Did you, on or about that time, pay at your counter upon presentation all checks of depositors that were drawn against the bank?

Ans. Yes, sir; we paid all checks previous to the suspension of the banks.

Ques. Did you, on or about that time, draw checks or bills on any domestic city besides New York?

Ans. We may have drawn two or three bills on some western cities, S't Louis or Cincinnati; but they were of insignificant amounts.

132 Ques. Were they duly honored?

Ans. Yes, sir; except one in Texas was not paid. It was presented after the failure of the bank.

Ques. And about that draft on Texas, did you not receive a letter from the payee to the effect that he regretted you had not drawn more?

Ans. Yes, sir.

Ques. Showing that he would have honored your draft if it had been presented before the failure of the bank?

Ans. Yes, sir.

Ques. Then, the New Orleans National Banking Association, on or about the 17th September, 1873, was in good repute and good credit in the United States?

Ans. I do not know anything about that, but I know that all bills that were drawn by the bank were paid and honored.

Ques. Did you sell exchange in New Orleans on or about the 17th September, 1873?

Ans. We were selling sight exchange on New York continually—every day.

Ques. Was it sold at the counter upon demand?

Ans. Yes, sir.

Ques. Did people give their money for your checks?

Ans. Yes, sir.

Ques. Did you, as cashier of New Orleans National Banking Association, on the 17th and 18th September, 1873, anticipate that the bank would fail within a very short time?

Ans. Yes, sir.

Ques. What made you think so?

Ans. The condition of the bank as it then was. We were owing large amounts abroad and in New York and we could not pay.

133 Ques. You have shown in connection with your testimony and testified to a statement of the condition of the bank which is "Blache 6;" when did you make that statement?

Ans. I made that about a month ago.

Ques. At whose request?

Ans. At anybody's request.

Ques. For what purpose?

Ans. For the purpose of getting at the exact condition of the bank.

Ques. Did you not know the exact condition of the bank at that time, before you made that statement?

Ans. No, sir; unless I had gone through the portfolio; a good many of the items mentioned in that statement (Blache 6) I knew of.

Ques. Then you had not gone through the portfolio before?

Ans. No, sir.

Ques. The securities constituting the portfolio of the bank, as you considered them at the time you made this statement—Blache 6—did you have the same opinion of their value on the 17th of September as you had when you made this statement?

Ans. Yes, sir. If I were to estimate them now it would be a great deal worse than in that statement.

Ques. Then you have estimated these securities at the value which you think they had at that time?

Ans. Yes, sir.

Ques. What time?

Ans. The date of the statement, the 30th of June, 1873.

Ques. And the value, therefore, is an estimation only?

134 Ans. Yes, sir. Some I knew to be worthless, a great many. Those estimated at fifty cents then, are not worth five cents now.

Ques. You stated that you made this statement for the purpose of ascertaining the condition of the bank on that date. What was the motive of your ascertaining the condition of the bank on that date?

Ans. My motive was to ascertain whether the bank was solvent or not.

Ques. What was your object in ascertaining that?

Ans. Just for my own satisfaction.

Ques. When you mentioned at about a certain time the New Orleans National Banking Association ceased to pay all checks, except checks for $25, do you not know that this was by virtue of an agreement made by all the banks in the city of New Orleans?

Ans. Yes, sir; except three banks.

Ques. How many banks, then, were there in the city of New Orleans taking part in this agreement?

Ans. I think about eleven. I am not sure, but about that.

Ques. Were there other banks insolvent at that time to your knowledge, that took part in that agreement?

Ans. I do not know about that.

Ques. Did you consider it a proof of insolvency on their part.

(Complainant objects: such a question as insolvency is only for the court to decide.)

Ans. On the 25th of September, 1873, the banks forming the clearing-house paid at the counter one check of $100 to each depositor, and the succeeding day checks of $25 only, and continued to pay only $25 up to the date the bank closed.

135 Ques. Was not this arrangement of the banks a protective measure, rendered necessary by the financial crisis which was then on the country?

Ans. That was the *purpose of* [object in] establishing the clearing-house.

Ques. You stated further that only a certain amount of unmatured paper, bills and notes, constituting the portfolio of the bank, had been received by the receiver?

Ans. Yes, sir.

Ques. What was the amount?

Ans. It was about $65,000 or $70,000.

Ques. Do you know whether or not other collections were made of the bills and notes constituting the portfolio of the bank by any of the trustees holding them for account of the trust involved in this suit, and other suits now pending in relation to the matter?

Ans. I do not know. I think they collected, but I do not know it. I had no occasion to go and see what the trustees collected, but I have no doubt they collected some.

Ques. When you say that the bills and notes involved in this suit were removed from the bank after its failure, what do you mean, as to how they were removed?

Ans. I do not know when they were removed, but they were not removed before the failure.

Ques. Why were they removed?

Ans. I do not know. They were surrendered, I suppose, to Mr. Cavaroc by the note clerk, but I do not know that personally. It may have been done whilst I was on my way to Washington.

Ques. The removal?

Ans. Yes, sir.

136 Ques. When did you leave for Washington, and when did you come back?

Ans. I left for Washington on the 6th of October, I believe; but when I got back I do not recollect—about eight or ten days afterwards.

Ques. Do you know what part of the bank the notes involved in this case were when the bank failed?

Ans. They were in the custody of the note-clerk.

Ques. For whose account?

Ans. For account of Schuchardt & Sons. The envelope containing the notes had the address or name of "Schuchardt & Sons."

Ques. What is the name of that note-clerk?

Ans. Charles De Armas.

Ques. When did you see them last—that is, this envelope, with the securities enclosed?

Ans. I do not recollect that.

Ques. You stated that after the failure of the bank, I think, you were procured to endorse notes which had been given in trust, but were not indorsed before.

Ans. Yes, sir.

Ques. Do you remember what notes you did so endorse?

Ans. Yes, sir; the notes of the Crédit Mobilier.

Ques. Did you endorse those involved in this suit?

Ans. Not to my recollection; no, sir.

Ques. Who made the daily statements on the book from which you made that statement "Blache 6?"

Ans. The general book-keeper.

Ques. Did you assist in making them?

Ans. No, sir.

137 Re-examined by Mr Rouse:

Ques. Who kept the minutes of the meetings of the board of directors of the bank?

Ans. I did.

Ques. Does this book contain the minutes?

(Minute-book produced.)

Ans. Yes, sir.

Ques. Were you present at the meetings, and did you record the proceedings?

Ans. Yes, sir.

(Complainant offers in evidence the minutes of the meetings of the board of directors from the 31st July to the 4th of October, 1873, inclusive, copies to be certified by the examiner and filed instead of the originals. Exhibit Blache 8.)

Ques. Is there any act of pledge of the notes in favor of Schuchardt & Sons?

Ans. No, sir.

Ques. Were any of those notes which were put in that envelope you speak of as being handed back by you to the note-clerk collected afterwards by the bank?

Ans. No, sir.

Ques. What notes were substituted for those which were taken out and pledged to the clearing-house?

Ans. I do not know.

Ques. Do you know that any were substituted at the time?

Ans. I do not know; they must have been, but I do not know it myself.

Ques. You have stated that you sold your sight-drafts on New York over the counter; such sales were usually made to your customers, were they not?

138 Ans. Yes, sir.

Ques. Who drew their checks against their accounts in payment thereof?

Ans. Yes, sir.

Ques. Was it not necessary for you to sell exchange for the purpose of carrying on your daily operations as a bank?

Ans. Yes, sir.

Ques. If you had not sold exchange during the middle portion of September, could you have realized funds from other sources to keep you from suspension?

Ans. No, sir; that was the only way we could get them.

Ques. Was not the exchange which you sold drawn on Schuchardt & Sons?

Ans. Yes, sir; except for the last few days of the bank; it was drawn then on the National Park Bank of New York.

Ques. Was there not drawn on Schuchardt & Sons an overdraft or drafts in excess of your balances with them?

Ans. It was very often the case; yes, sir.

Ques. Were they not secured by a deposit of consolidated bonds of the city of New Orleans, deposited by the bank?

Ans. Yes, sir; they were secured, but the bonds belonging to the bank were afterwards withdrawn, and bonds were pledged belonging to the firm of C. Cavaroc & Son. Bonds were kept there to secure the overdrafts of the bank, constantly.

Ques. How was the portfolio of the bank which was said to be

139 held in trust for its various creditors treated by the bank? As its property, or the property of the creditor?

Ans. It was treated as the property of the bank. Those that matured were collected, and the cash placed in the general cash of the bank.

Ques. After the failure did you not go to Washington, by direction of the officers of the bank, to lay its condition before the Controller?

Ans. Yes, sir.

Ques. Did you make any statement to him of its portfolio being pledged to any of its creditors?

Ans. No such statement was made.

Ques. Was it represented to the Controller that all these notes were still the property of the bank?

(Defendants object to the question as irrelevant.)

Ans. It was so represented.

Ques. Did you make a statement to him, or did you carry to him a statement, officially made by the president of the New Orleans National Banking Association, showing such to be the fact?

(Under objection as above.)

Ans. Yes, sir. I carried that statement, certified to by the president, and myself as cashier. That statement was a transcript of the books. (Exhibit Willoz 1.)

Ques. Did that statement carry the paper claimed by Schuchardt & Sons, but claimed in this suit, as a portion of the active portfolio of the bank?

(Objected to as above.)

Ans. Yes, sir.

Ques. Did C. Cavaroc, j'r, visit Europe in the summer of 1873?

Ans. Yes, sir.

140 Ques. Did he make any arrangement there for obtaining credit for the bank?

(Objection as above.)

Ans. He obtained credit from the Crédit Mobilier of Paris for one million francs, another credit from Honnorat, of Marseilles, for one hundred and fifty thousand francs, and two or three hundred thousand francs from two houses in Havre.

Ques. Was it after his return from Europe, and after his negotiations of these credits, that the board of directors passed the vote of thanks which has been introduced in evidence from the minutes?

Ans. Yes, sir.

Recross-examined by Mr. Fuselier, for defendants:

Ques. About the statement which you presented to the Controller of the Currency, you were asked whether you presented, or exhibited, to the Controller of the Currency the statement made by the president, and brought by you to Washington; was it made by the president?

Ans. It was made by the book-keeper, certified by the president and signed by him, and by myself as cashier.

Ques. Did you consider, at the time that you subscribed that statement, that you were attesting a thing that was false?

Ans. I was attesting that it was a transcript from the books, and was prepared to answer questions, as to the losses incurred by the bank, to the Controller, if he had asked me.

Ques. Then you did not intend to attest a falsity, and did not think you were?

Ans. No, sir.

141 Ques. Why did you bear on that statement notes in trust as the property of the bank? Was it because you knew that a note given in pledge was the property of the pledgor, or did you want to deceive the Controller as to the state of things?

Ans. I made the statement to the Controller, because there was no entry made on the books of the bank.

Ques. Had they ceased to be the property of the bank at that time?

(Complainant objects, as the question calls upon the witness to make a statement of law.)

Ans. They were in the bank yet.

Ques. Had they ceased to be the property of the bank at that time? (Objection repeated as above.)

Ans. Well, I considered them the property of Schuchardt & Sons, but they appeared on the books as the property of the bank.

Ques. What made you consider them the property of Schuchardt & Sons?

Ans. Because I considered they were pledged.

Ques. And therefore the pledge made the pledgee the owner of the property?

Ans. Yes, s r.

Ques. That was your understanding?

Ans. Yes, sir; my impression was that it was pledged to Mr. Schuchardt.

Ques. At the time that you made the statement referred to, which was presented to the Controller, had any of the notes and securities involved in this suit been sold or transferred to any person in absolute ownership?

(Complainant renews his objection as above.)

142 Ans. There were $30,000 or $31,000 that were transferred to the clearing house.

Ques. But I mean sold?

Ans. No, sir.

Ques. Then there never was any transfer of the notes involved in this suit, except to the trustees of Schuchardt, Cavaroc & Son, as a trust?

Ans. There were transfers made to the clearing house. Some of the original notes in the original list were transferred to the clearing house.

Ques. How were these transferred to the clearing house; by what title?

Ans. They were given to the clearing house to clear the balances of exchange against the bank.

Ques. As security, then?

Ans. Yes, sir.

Ques. On pledge?

Ans. Yes, sir.

Ques. You stated that the bank disposed of some of the notes embraced in the trust in favor of Schuchardt & Sons, so as to pass them to the clearing house?

Ans. Yes, sir.

Ques. Was that done with the consent of any of the members of the firm of C. Cavaroc & Son, trustees?

Ans. It was done by M'r Cavaroc himself.

Ques. Which M'r Cavaroc?

Ans. The president of the bank.

Ques. What is his first name?

Ans. Charles.

Ques. Is he, or not, a member of the firm of Charles Cavaroc & Son, who were the trustees of Schuchardt & Sons?

143 Ans. Yes, sir.

Ques. And in whose hands this trust was made?

Ans. Yes, sir.

Ques. Did you sell checks and exchange of yours on any other domestic city except New York, to any other parties than your customers?

Ans. No, sir.

Ques. None at all?

Ans. No, sir.

Ques. And never did ?

Ans. No, sir; not that I recollect.

Ques. Are you certain that you never ?

Ans. There was this check of $300 on Texas. I do not believe he was a customer of the bank.

Ques. Then you confined your exchange operations, so far as selling exchange, merely to the customers of the bank ?

Ans. We sold out by brokers every morning, exchange on New York.

Ques. The exchange of your bank ?

Ans. Yes, sir.

Ques. Daily ?

Ans. Yes, sir.

Ques. During the whole period embraced between the first of June and the failure of the bank ?

Ans. Not for the fifteen days prior to the failure.

Ques. Was any quantity of that exchange sold to any parties but customers ?

Ans. Yes, sir; large amounts.

Ques. And money or checks on other banks received in payment therefor ?

Ans. Yes, sir.

144 (Complainant offers in evidence the notarial act of the 25th September, 1873, between the Hibernia National Bank, the State National Bank, the New Orleans National Banking Association, and other banks, executed before Theodore Guyol, notary public, marked "Exhibit Blache 9," which is already on file in Record No. 7069, of this court, a copy of which it is agreed shall be certified by the examiner, to be used in the record in this case.)

HENRY BLACHE.

Subscribed and sworn before me March 11, 1875.

F. A. WOOLFLEY,
Special Examiner.

It is agreed by all the solicitors in this case that the time for taking testimony be extended to 2d April, 1875.

Examination adjourned to Monday, March 15th, 1875.

NEW ORLEANS, *March 15th*, 1875.

Present: J. D. Rouse & J. R. Beckwith for complainant.
" F. Fuselier for defendants.

Testimony resumed.

Henry Blache recalled by complainant.

By M'r Rouse:

Ques. Examine the statement marked "Willoz 1," introduced in evidence by the complainant in this case, and state whether that is a duplicate or triplicate of the statement delivered by you to the Controller of the Currency.

Ans. Yes, sir; that is a triplicate statement.

Ques. When did you take said statement to the Controller of the Currency ?

Ans. On the 6th October, 1873, I left here for Washington with that statement.

Ques. When did you hand it to the Controller ?

Ans. On the 10th of October, I believe.

145 Ques. Is this the statement referred to by you in your testimony when you were examined in this case before March 11th?

Ans. Yes, sir.

Ques. What was the object of making that statement to the Controller?

Ans. The object was to show the condition of the bank.

Ques. What was the purpose of yourself in visiting Washington at the time?

Ans. My object was to try and get the liquidation of the bank, and to explain to the Controller the losses suffered by the bank not shown by the statement.

Ques. Then the bank had suffered losses which the statement did not show?

Ans. Yes, sir.

Ques. Very considerable losses?

Ans. Yes, sir.

Ques. Since your examination in this case, has your memory been refreshed in regard to the endorsement of the notes and bills discounted, involved in this suit?

Ans. Yes, sir; I recollect that they were endorsed by me in the office of M'r Cavaroc on my return from Washington.

Ques. After the failure of the bank?

Ans. Yes, sir.

Ques. Endorsed by you as cashier?

Ans. Yes, sir; as cashier.

Ques. You stated in your former examination that the envelope containing these notes was handed to M'r Cavaroc at the time that the original list was made; where was M'r Cavaroc at the time?

Ans. In the bank.

146 Cross examined by M'r Fuselier for defendants:

Ques. On the 17th September, 1873, as cashier of the New Orleans National Banking Association, you drew drafts on Seignouret Freres, sixty days' sight, as you stated in your testimony taken the other day, for 250,000 francs, as set forth in your letter to Schuchardt & Sons on September 17, 1873?

Ans. Yes, sir.

Ques. Can you give the serial numbers of these drafts?

Ans. Yes, sir; from No. 288 to 292, inclusive, five drafts, for fifty thousand francs each.

Ques. Are these drafts paid?

Ans. No, sir.

Ques. Were they accepted?

Ans. No, sir.

Ques. Neither paid nor accepted?

Ans. No, sir.

Ques. Did you in any capacity receive any notice of non payment or non-acceptance?

Ans. The receiver received notice of non-acceptance and non-payment.

Ques. That was after the close of the bank, was it not?

Ans. Yes, sir.

Ques. Is that notice in your possession or within your control?

Ans. I believe they are on file here.

Ques. Will you produce them?

147 Ans. I will look for them, but I am not sure I have got them.

(Complainant offers in evidence the charter of the New Orleans National Banking Association, marked "Blache 10," which is objected to by the solicitor for defendants.)

HENRY BLACHE.

Subscribed and sworn before me March 15th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Examination adjourned to March 17th, 1875.

NEW ORLEANS, *March 17th*, 1875.

Present: J. D. Rouse and J. R. Beckwith for complainant.
" F. Fuselier for defendants.

Henry Blache recalled.

By M'r Rouse:

Ques. These five bills of exchange referred to by M'r DeRuyter are endorsed by Schuchardt & Sons "Pay to the order of"—certain endorsers—"value in account." What do these endorsements mean?

(Defendants object to the question.)

Ques. What do the words "value in account" signify?

Ans. They indicate that the account of F. Schuchardt & Sons should have credit for the amount when the bill was paid or accepted.

Ques. It indicates that they were sent forward for collection?

Ans. Yes, sir.

Ques. They were to be credited when accepted or paid?

Ans. Yes, sir.

HENRY BLACHE.

Subscribed and sworn before me March 31st, 1875.

F. A. WOOLFLEY,
Special Examiner.

Examination adjourned to April 2d, 1875.

148 NEW ORLEANS, *April 2d*, 1875.

Present: J. D. Rouse and J. R. Beckwith for complainant.
" F. Fuselier for defendants.

Henry Blache recalled by defendant for further cross-examination.

By M'r Fuselier:

Ques. Are these five bills of exchange the same that you mentioned in your testimony given before as having been drawn by the New Orleans National Banking Association on Seignouret Frères in favor of Schuchardt & Sons?

Ans. Yes, sir; these are the bills.

Ques. Are they the bills for which the pledges were given?

Ans. Yes, sir.

Ques. Are you acquainted with the signature of Schuchardt & Sons?

Ans. Yes, sir.

Ques. Look at the endorsements on these bills and see if they are the genuine signatures of Schuchardt & Sons?

Ans. Yes, sir; the bill marked here "DeRuyter 5" has the signature of M'r Wells, of the firm of Schuchardt & Sons; and the rest are in the writing of M'r Schuchardt's son.

Henry Blache recalled by the complainant.

By M'r Rouse:

Ques. M'r Irwin, the president of the Hibernia National Bank, has testified that he bought the bills of the New Orleans National Banking Association up to the date of its failure. Will you state the time when you sold the last bills drawn by the New Orleans National Banking Association to the Hibernia Bank?

149 Ans. I believe it was the 17th of September.

Ques. Did you sell any bills to the Hibernia National Bank after the 20th September?

Ans. No, sir.

Ques. M'r Cavaroc, s'r. stated in his testimony that he handed the envelope containing the Schuchardt notes to you, to be put in your box; what box did you put these notes in?

Ans. In my box as cashier of the bank.

Ques. Along with the other securities of the bank?

Ans. Yes, sir.

Ques. Was that the box which he desired you to put them in?

Ans. Well, I don't know.

Ques. What was your understanding?

Ans. I understood that he gave them to me in my capacity as cashier.

Ques. And soon afterwards you transferred the notes to the note-clerk?

Ans. Yes, sir.

Ques. You stated in your testimony heretofore given in this case that the receiver had received notice of the protest of these bills of exchange drawn by the bank on Seignouret Frères. Have you made an examination to see if such notice could be found?

Ans. I was under the impression that the receiver had them here, but after looking for them I found out that they were not here.

Ques. Have you any knowledge of his ever having received either notice of protest for the non-acceptance or for non-payment of either of these bills?

Ans. I don't know that he ever received such notice.

150 Cross-examined by M'r Fuselier:

Ques. You say that your cashier's box contained the securities of the bank?

Ans. Yes, sir.

Ques. Did it contain any other securites belonging to private individuals?

Ans. It contained the envelopes in which were the notes pledged to Schuchardt & Sons and others.

Ques. What others?

Ans. The Crédit Mobilier and the Park Bank.

Ques. Did it not contain an envelope belonging to me that you returned to me after the bank closed?

Ans. I think so.

Ques. Were you not in the habit of placing in that box the securities or papers on deposit?

Ans. Yes, sir; everything that was left for account of the bank was there.

Ques. When you say that you retransferred the package containing the securities of Schuchardt & Sons to the note-clerk, what do you mean by retransferring?

Ans. I mean that I handed back the envelope containing the securities.

Ques. By whose order?

Ans. By the order of the president.

Ques. In what terms did he give the order?

Ans. I suggested that the note-clerk had to refer to this package almost every day, and that I thought it proper to return it to him on account of the delay occasioned all the time in going to the vault and withdrawing what paper was wanted.

Ques. What was the occasion of the note-clerk having to refer to it daily?

151 Ans. It was to collect the notes that were falling due, or renewing them.

Ques. Then some of these notes fell due and got paid, and others fell due and got renewed?

Ans. I do not know that any of these notes of Schuchardt & Sons were paid, but they matured prior to the failure of the bank.

Ques. You do not know particularly?

Ans. No, sir.

Ques. Do you know that any of them matured or were paid prior to the failure of the bank on the 4th October?

Ans. If I had the list I might tell you, but I believe not.

Ques. You say that you looked for the notice of protest and could not find any?

Ans. No, sir; I could not.

Ques. Can you say that none were received?

Ans. I do not know.

Ques. Do you know whether or not any provision had been made with Seignouret Frères, of Bordeaux, for the payment of these drafts for which the securities were pledged to Schuchardt & Sons?

Ans. No, sir; there was none made.

HENRY BLACHE.

Subscribed and sworn before me April 2d, 1875.

G. A. WOOLFLEY,
Special Examiner.

Complainant closes here.

152 NEW ORLEANS, *March 15th*, 1875.

Present: J. D. Rouse & J. R. Beckwith for complainant.
" F. Fuselier for defendants.

ARMAND WILLOZ, a witness produced and sworn on behalf of complainant, deposes and says:

By Mr Rouse:

Ques. Were you employed in the New Orleans Banking Association?

Ans. Yes, sir.

Ques. In what capacity?

Ans. General book-keeper and exchange clerk, for the last six months about.

Ques. Prior to its failure?

Ans. Yes, sir.

Ques. Did you keep the general ledger?

Ans. Yes, sir.

Ques. And the journals?

Ans. Yes, s'r.

Ques. Did you make the statements in what is called the statement-book?

Ans. Yes, sir.

Ques. Examine the statements in the statement-book for September 24, 25, 26, 27, 28, 29, 30th and October 4th and 6th, and see whether they are statements made by you?

Ans. They are in my handwriting. I made them.

Ques. Is it a correct transcript from the books of the bank?

Ans. Yes, sir.

Ques. Showing the condition of the bank at the time?

Ans. Yes, sir.

Ques. Have you made all these statements in this statement-book?

153 Ans. Yes, sir; this is a copy of my daily balance-sheet.

Ques. Do these statements show the entire portfolio of the bank?

Ans. To the best of my knowledge. I took it from the books of the note and discount clerks.

Ques. Of all that appears upon the books of the bank?

Ans. Yes, sir.

Ques. Was there any portion of the notes and bills discounted charged to the firm of F. Schuchardt & Sons about the last of September, or at any time in September?

Ans. I do not remember; that statement-book will show it.

Ques. Will you examine the account and see?

Ans. I cannot remember anything at all about it. The books are there, and you will see the entry in the general ledger.

Ques. Examine the entry and see whether they are charged with any of the portfolio on or after the 17th September?

Ans. I do not see any there.

Ques. It would be in that account if it was there?

Ans. Yes, sir; but there are no such charges.

Ques. Examine the statement now submitted to you, and say whether you made that statement and what it is.

Ans. This statement (submitted) is a copy of the statement of the 4th of October, but dated the 6th, 1873, as shown in the statement-book.

Ques. Showing the condition of the bank on the 4th October, 1875?

Ans. Yes, sir.

154 Ques. At the close of business that day?

Ans. Yes, sir.

(Complainant offers in evidence the statement referred to, marked "Willoz 1.")

Ques. Do you know the signatures of C. Cavaroc and Henry Blache?

Ans. Yes, sir.

Ques. Examine the signatures to that statement "Willoz 1" and see if these are their signatures thereto, or not?

Ans. Yes, sir; they are.

Ques. Under the head of "resources," there is an item of "checks on local banks" in said statement; how was that absorbed, or extinguished?

Ans. Well, they did not give me any detail about it.

Ques. Was it not absorbed by the exchange of checks drawn against the bank?

Ans. I do not know anything about it. I got no detail about it.

Ques. In the statement marked "Willoz 1" there is an item under the head of "resources" called "cash account;" how is that item carried on the statement of October 6th, 1873?

Ans. Under the head of "cash account," it is blank.
Ques. Then you have no explanation of that item?
Ans. No, sir.

Cross-examined by M'r Fuselier for defendants:

Ques. You say you made this statement marked "Willoz 1"?
Ans. Yes, sir.
155 Ques. Where did you get it from?
Ans. From the statement-book.
Ques. Where did you get the materials for the entries on the statement for that day?
Ans. From the general ledger.
Ques. Who kept the general ledger?
Ans. I did.
Ques. In your own handwriting?
Ans. Yes, sir.
Ques. I conclude the account of Schuchardt & Sons, that you have been referring to, is kept in your own handwriting?
Ans. Yes, sir.
Ques. Where did you get the material out of which you filled up that account?
Ans. From the general books of the bank, from the note-clerk, the cashier, and from all the rest.
Ques. Then you make out these things from the books of the note-clerk; who else?
Ans. From the note-clerk and from the paying and receiving tellers.
Ques. Who kept the note-clerk's books and the receiving-teller's books?
Ans. Charles DeArmas kept the note-clerk's books, and the receiving and paying tellers kept their own.
Ques. And about the statement concerning the notes and portfolio of the bank, you know nothing, only what you gather from the books of the note-clerk?
Ans. No, sir.
Ques. You know nothing personally?
Ans. No, sir.
156 Ques. You took the entries from his book, as the books passed to you daily.
Ans. Yes, sir.
Ques. You were the exchange clerk of the bank?
Ans. Yes, sir.
Ques. You were the exchange clerk on the 15th September?
Ans. Yes, sir.
Ques. And up to the close of the bank on the 4th October?
Ans. Yes, sir.
Ques. Did you sell exchange over the counter at any time during that period?
Ans. Yes, sir.
Ques. You think you sold some every day?
Ans. Yes, sir.
Ques. What did you get for that exchange—what payment?
Ans. I got checks.
Ques. Did you ever get currency?
Ans. Sometimes.
Ques. Did you ever sell any such exchange during that period to others than customers of the bank?

Ans. I could not say we sold it to everybody that wanted it.
Ques. Did you sell it currently?
Ans. Yes, sir.
Ques. Did you sell exchange on New York in that way?
Ans. Yes, sir.
Ques. And on Philadelphia?
Ans. No, sir.
157 Ques. Why did you not sell it on Philadelphia?
Ans. Generally we had nothing to do with Philadelphia.
Ques. Did you sell it to any of the Western American cities?
Ans. Yes, sir; sometimes.

A. WILLOZ.

Subscribed and sworn before me, March 15th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Adjournment to March 17th, 1875.

NEW ORLEANS, *March 17th*, 1875.

Present, J. D. Rouse & J. R. Beckwith for complainant.
" F. Fuselier for defendants.
Testimony resumed.

Complainant offers in evidence the depositions of A. Fortier, Paul Fourchy, E. H. Reynes, Thomas Janney, Gustave Blache, F. F. Case, Albert Baldwin, W'm R. Lyman, M. F. Bonis, and Eugene F. Mioton as taken in the case of John Cockrem, receiver, vs. Société Crédit Mobilier et als., No. 7064, subject to all objections stated therein.

Adjournment to March 18th, 1875.

Depositions of Amilcar Fortier, Paul Fourchy, E. H. Reynes, Tho's Janney, Gustave Blache, F. F. Case, Albert Baldwin, W. R. Lyman, M. F. Bonis, and Eugene F. Mioton, taken on behalf of complainant in the case of Jno. Cockrem, receiver of the New Orleans National Banking Association vs. Ch's Cavaroc & Son et al., No. 7064, U. S. circuit court, offered in evidence by complainant in this case.

158 AMILCAR FORTIER, a witness produced and sworn for the complainant, deposes and says:

By M'r Rouse:

Ques. State whether you are president of any bank; and, if so, how long.

Ans. I have been president of the Bank of America since 1864 or 1865.

Ques. During the summer of 1873 was there any application made to you, as such president, by the New Orleans National Banking Association, or its officers, for money?

Ans. Yes, sir; I think I loaned some.

Ques. Do you remember what amount?

Ans. Sometimes $50,000, sometimes $25,000; I cannot say the exact amounts.

Ques. Was a list of their notes and bills discounted exhibited to you for the purpose of making a selection?

Ans. No, sir.

Ques. Were the bills and notes submitted to you for inspection?

Ans. No, sir; it was from day to day.

Ques. Did your loans occur frequently?

Ans. No, sir; now and then.

159 Ques. Did not your bank discount a portion of the portfolio of the New Orleans National Banking Association?

Ans. Yes, sir; in 1873 we discounted some paper of the bank, I believe some $50,000.

Ques. Was there not a list of paper submitted to you for selection, or the paper itself?

Ans. No, sir; the paper itself was brought there by M'r Cavaroc—when I make that remark—I don't know whether it was M'r Cavaroc or the bank, but it was brought there by M'r Cavaroc.

Ques. Was there not much more paper submitted and more money requested than that which you accepted?

Ans. No, sir; not to me.

Ques. Either on that occasion, or on some other occasion?

Ans. No, sir; no paper was given to me.

Ques. I ask if there was not some submitted with the request to discount more paper?

Ans. Yes, sir.

Ques. Which you declined?

Ans. Yes, sir.

Ques. What was your reason for declining?

Ans. Because I thought that I made my proportion of it.

Ques. What do you mean by your proportion?

Ans. Because it was demanded of several of us.

Ques. The banking association was asking a discount from a number of banks?

Ans. It was called a discount or a temporary loan.

Ques. Is not that an unusual proceeding for a bank?

Ans. Not unusual when a bank feels pressed.

160 Ques. Prior to that time had an application been made to you for a discount by any bank?

Ans. No, sir.

Ques. Do you remember any?

Ans. Well, to the City National Bank we loaned over $100,000, when it was M'r Cochran's bank.

Ques. It failed, did it not?

Ans. No, sir; it prevented it from failing.

Ques. Unless a bank is in difficulty, does it seek to discount its portfolio among other banks?

Ans. Not to my knowledge.

Ques. Do you know what the reputation of the New Orleans National Banking Association was in bank circles in 1873?

Ans. Well, before it stopped it had a pretty good reputation; its exchange was offered and was sold regularly.

Ques. Do you know what the rumors among banking men were as to its solvency for the three months prior to its suspension?

Ans. It was then very good, three or four months prior.

Ques. I say during the three months prior to its suspension, were there not many rumors concerning its solvency?

Ans. No, sir; not many.

Ques. Were you mostly in the city, or mostly across the lake, during that time?

Ans. Mostly in the city; I went over the lake every Saturday night.

Ques. About what time did you make this discount of the notes?

161 Ans. I think it was some time in August or September of that year; no, sir, it was in July or August.

Ques. Did you think that the New Orleans Banking Association was in a good solvent condition at the time you made that discount?

Ans. I thought that they were momentarily embarrassed, or I would not have made the loan.

Ques. Do you think they could have met their liabilities without making the loans you speak of?

Ans. I don't know.

Ques. Was not that discount of paper that you made, on the 4th of June, 1873, or about that date?

Ans. I don't know; I have not the memorandum, but I know it was then, or somewhere about that time.

Ques. Did you loan any money on the security of a mortgage made by the New Orleans Mutual Insurance Association?

Ans. No, sir; not to my knowledge.

Ques. Was there any application made to you for a loan on the mortgage of the insurance association?

Ans. No, sir.

Ques. A mortgage executed in favor of M'r Dupuy of the State National Bank?

Ans. I do not think I ever made a loan of that kind.

Ques. Was any mortgage executed in his favor at the time that the banks made the loan to the insurance association?

Ans. I went in among them I believe, and took a note out and discounted it, but I do not know for the rest.

Ques. Were you present at a meeting of bank presidents held in the rooms of the New Orleans National Banking Association on a Sunday?

162 Ans. I think not.

Ques. Or on any other occasion?

Ans. I was there when M'r Cavaroc made the application to us, with several other bank presidents.

Ques. Who else was present?

Ans. There were M'r Kennedy, M'r Oglesby, and myself.

Ques. What took place at that meeting?

Ans. M'r Cavaroc applied for a momentary discount.

Ques. What statement did he make as to his condition?

Ans. He said he was a little pressed, and that if the banks would come to help him for a few days, that is all that he required.

Cross-examined by M'r Clarke:

Ques. You speak of a loan to the City Bank; is not that the present Germania Bank?

Ans. Yes, sir.

Ques. That bank has never failed?

Ans. No, sir.

Ques. Does it imply, because a bank requires a temporary loan, that its condition is insolvent?

Ans. No, sir.

Ques. Is it not frequently the case that banks will get a little out of line from some cause or other that does not involve them; but they may be in want of a loan?

Ans. Yes, sir; perhaps they may have exchange to sell, but they cannot sell it and they may have to borrow from a bank until the next day.

Ques. You know this to be of frequent occurrence?

Ans. Yes, sir.

163 Ques. The credit of this institution in 1873 was good?
Ans. I considered it so.
Ques. You bought their checks and exchange?
Ans. Yes, sir.

AM. FORTIER.

Subscribed and sworn before me December 23, 1874.

F. A. WOOLFLEY,
Examiner.

Testimony resumed.

NEW ORLEANS, *December 26th*, 1873.

PAUL FOURCHY, a witness produced and sworn, deposes and says:

By M'r Rouse:

Ques. You are president of the Mutual National Bank of New Orleans?
Ans. Yes, sir.
Ques. How long have you been so?
Ans. Three years—since its organization.
Ques. During the summer of 1873 was there any application made to the Mutual National Bank, or to yourself, by the president of the New Orleans National Banking Association for any loan of money or a discount of paper?
Ans. Yes, sir.
Ques. State the whole transaction.
Ans. M'r Cavaroc called on me and stated he needed about $400,000, and that he expected the different banks to come to his assist-
164 ance and furnish that amount to him among themselves to make up that amount. I was much surprised at this demand, considering the large amount asked, and told M'r Cavaroc I could not act without calling the board of directors together until I would submit his statement to them, and see what action they would take on it. I called a meeting of the board the next morning, but in the mean time M'r Cavaroc gave me a list of $200,000 in paper—different names. The board met as called by myself, and took into consideration M'r Cavaroc's demand, and out of the $200,000 for discount $25,000 of the paper was selected and discounted. That is all, as near as I can remember.
Ques. About what time was that?
Ans. Early in June, 1873; probably on the second or third, and the discount was made on the fourth of June.
Ques. Why did you take such a small amount of the large amount offered?
Ans. Well, some of the paper was objectionable to the bank.
Ques. Do you know what the reputation of the New Orleans National Banking Association was during the summer of 1873 for solvency?
Ans. Not exactly. I know that there were a great many rumors on the street about M'r Cavaroc being engaged in large cotton operations, but I know of no facts myself. I had no access to the books.
Ques. What were the rumors so far as they affected the banking association.
Ans. Well, it had that effect. Seeing a bank president engaged in large cotton operations, it might recoil upon the bank, and have some action upon him.
165 Ques. Were there any rumors about the banking association's being in a good or bad condition?
Ans. It was understood to be in a little straitened circumstances. I understood from outside parties that M'r Cavaroc had drawn a great

deal of exchange and loaned the money to factors to bring their crops to market, and this was the cause of his anxiety. He drew large amounts, and when the maturity was about to come he did not make his collections in time; that this was the main cause of his embarrassment. That is all I heard.

(M'r Clarke, for defendants, objects to all of the above as hearsay.)

Ques. What effect had the rumors on the National Banking Association?

Ans. They affected it.

Ques. What motive actuated you in discounting a portion of its portfolio?

(Mr. Clarke, for defendants, objects.)

Ans. Because we thought that if anything happened to this bank, other banks might suffer. It would create a run, and we would be sufferers. It was understood among all the banks that if we could get security to that extent we would go. As long as we could help them, without danger to ourselves, we would do it.

Ques. Were other applications made to you for assistance?

Ans. I do not exactly remember.

Cross-examined by Mr. Clarke:

Ques. When were these rumors that you speak of?

Ans. About that time—about the time the application for the loan was made.

166 Ques. The idea was that the bank was under temporary embarrassments?

Ans. Yes, sir.

Ques. Was not the public sentiment afterward satisfied by the bank, and the rumors dispelled?

Ans. Well, I think after he got the assistance it had that effect for a while. He told me that he had all the assistance that he wanted.

Ques. The bank had good credit in the community?

Ans. Well, it is difficult to say. The check would not be refused, but I could not say that it was exactly in good credit.

Ques. Were they selling exchange?

Ans. Yes, sir. That is, I heard they were. I do not know.

Ques. Do you not consider this $25,000 equal to the share of the assistance rendered?

Ans. No, sir. I think our share would be a little more, but the board would not take more than $25,000 out of it. We might have taken $40,000 or $45,000.

Ques. How was the paper offered to you?

Ans. Well, it was objectionable. As a matter of prudence we did not like it.

Ques. Some paper you had already of the same name?

Ans. No, sir; very little, if any. We had not the same customers at all.

Ques. Are you president also of the Merchants' Mutual Insurance Company?

Ans. Yes, sir.

P. FOURCHY.

Subscribed and sworn before me December 26, 1874.

F. A. WOOLFLEY,
Examiner.

167 E. H. REYNES, a witness produced and sworn, deposes and says for the complainant:

By M'r Rouse:

Ques. What is your business?

Ans. An exchange broker now.

Ques. What was your business in the summer of 1873?

Ans. A banker, and agent of Eugene Kelly & Co., bankers of New York.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was as to solvency during the summer of 1873?

Ans. What time in the summer?

Ques. Any time during the summer?

Ans. From the beginning of the summer up to July and August perhaps, the general impression was that its credit was very good.

Ques. Was that impression changed?

Ans. Yes, sir.

Ques. What was the impression afterwards?

Ans. The impression afterwards was that the credit of the bank had been impaired from severe losses, which losses I could not point to as I have not the books.

Ques. These rumors were general, affecting its credit?

Ans. To the best of my knowledge they were. I heard them frequently.

Ques. Do you know anything about the course of its stock in the market?

Ans. No, sir; I was not dealing in the market.

Ques. Were you called upon to render assistance to the banking association in the way of raising funds?

Ans. Early in June I was.

168 Ques. Was there any statement made to you then of its difficulties?

Ans. No, sir.

Ques. What reason was given for its desire to raise funds?

Ans. None at all. They wanted to help their customers during the summer; that is what M'r Cavaroc said to me. He generally did it every summer, and borrowed largely, so as to help the planters removing their crop. I anticipated no idea of it at the time, nor anybody else.

Ques. That was early in the summer?

Ans. Yes, sir.

Ques. And later you say, that rumors affecting the credit of the banking association were very general?

Ans. Yes, sir.

Cross-examined by M'r Clarke:

Ques. What time did these rumors commence?

Ans. I cannot precisely state the day; late in the summer, the latter part of July or August.

Ques. Prior to the general suspension of the banks in September?

Ans. Yes, sir; but no one thought the banking association would suspend. I will say that. I never heard it expressed, and thought so myself; the rumor was that the bank was embarrassed.

Ques. Was that regarded as a temporary embarrassment?

Ans. Yes, sir: it was generally thought so, and it was so expressed to me by bank presidents.

E. H. REYNES.

Subscribed and sworn before me, Dec. 26th, 1875.

F. A. WOOLFLEY,
Examiner.

169 THOMAS JANNEY, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. You are a member of the firm of Moore, Janney & Hyams?
Ans. Yes, sir.
Ques. And your business is?
Ans. A brokerage business.
Ques. How long have you been engaged in that business?
Ans. Ten years.
Ques. Do you know what the general reputation of the New Orleans National Baking Association was for solvency in the summer of 1873?
Ans. It was bad.
Ques. When did the rumors affecting its credit first become rife?
Ans. I went away from here to the North, in May, previous to its failure, and during my absence these rumors first became prominent, so much so that I got a dispatch from my firm, stating that the banking association was broken; I got the dispatch in the office of John Macauley & Co.
Ques. Did these rumors continue during the summer of 1873?
Ans. Never ceased until the bank broke; it never recovered.
Ques. When did you return?
Ans. I got here in June.
Ques. What was the course of its stock in the market?
170 Ans. Decreased all the time; the reason I know is that I had some of Mehle's stock.
Ques. Did you try and sell any of the stock of the New Orleans National Banking Association during the summer?
Ans. Yes, sir; I tried to sell it immediately, but I could not.
Ques. You could not find purchasers?
Ans. No, sir.
Ques. What was its value?
Ans. The par value was $30.
Ques. Do you know anything about the New Orleans National Banking Association calling on the other banks for assistance during the summer?
Ans. Yes, sir; they called upon them, and the head was the Louisiana National. They said they wanted $300,000 to get them through; they had some trouble in getting it, but at last succeeded in getting it by a mortgage on their property.
Ques. Was that generally known by business men?
Ans. Yes, sir; it was. I can tell you a man that knows all about it; that is Henry C. Miller, of the firm of Lee, Finney & Miller.

Cross-examined by M'r Clarke:

Ques. What was the mortgage?
Ans. I don't know the amount.
Ques. By whom was it given?
Ans. By M'r Cavaroc.

Ques. Was it not given by the New Orleans Insurance Association?
Ans. That I don't know.

171 Ques. Were the rumors affecting the banking association risen out of its entanglements with the insurance association?

Ans. The rumors arose from the bad management of M'r Cavaroc—that is, that it was that he was losing money.

Ques. It arose out of the credit of M'r Cavaroc himself?

Ans. Well, it was the bank; for I had business transactions with the bank in the slaughter-house matter—very large ones.

THOS. JANNEY.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

GUSTAVE BLACHE, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A broker.

Ques. A stock broker?

Ans. Yes, sir.

Ques. During the summer of 1873 did you have any of the stock of the New Orleans National Banking Association for sale?

Ans. Yes, sir; I sold several lots.

Ques. Did you have any difficulty in selling it?

Ans. Well, the stock of that bank some time before the failure was pretty hard to sell.

172 Ques. What was the reputation of the banking association as to its condition?

Ans. Well, the banking association was considered to be in a very weak condition.

Ques. Was there a pressure to sell stock?

Ans. All holders were willing to sell.

Ques. At what price did you effect any sales during that summer?

Ans. As far as I can recollect, I sold some stock at from $19 to $20.

Ques. How long before the failure?

Ans. May be two, or three, or four months before the failure.

Ques. Was there any sudden decline in the stock from higher prices?

Ans. Well, the stock had been declining for the last four or five months—constantly declining.

Ques. What figures had it been selling at before this decline set in?

Ans. Well, I suppose the figures began to decline from about $30 down.

Ques. During that summer?

Ans. Yes, sir; as far as I can recollect. I could see from my books, but that is my recollection.

Cross examined by M'r Clarke:

Ques. What was the par value of the stock?

Ans. $30.

Ques. When was the decline?

Ans. The decline must have begun five or six months before the failure of the bank at least.

173 Ques. How long did you sell the stock?

Ans. I expect I sold the stock two or three months before the failure, and I sold some at $19 and $20.

G. BLACHE.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

F. F. CASE, a witness produced and sworn on behalf of complainant, deposes and says:

Ques. You are receiver of the First National and Crescent City National Banks of New Orleans?

Ans. Yes, sir.

Ques. Prior to being receiver, you were in the employ of the receiver who was your predecessor for a number of years, were you not?

Ans. Yes, sir.

Ques. During the summer of 1873, do you know what the general reputation of the New Orleans National Banking Association was as to solvency?

Ans. Well, it was rumored to be in a very bad way.

Cross-examined by M'r Clarke:

Ques. What do you mean by that?

Ans. That it was in an insolvent condition, or about to become so.

F. F. CASE.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

174 ALBERT BALDWIN, a witness produced and sworn on behalf of the complainant, deposes and says:

Ques. You are the president of the New Orleans National Bank?

Ans. Yes, sir.

Ques. During the summer of 1873, were you an officer of the Mutual National Bank?

Ans. Yes, sir; vice-president.

Ques. Do you know anything about an application being made for assistance to that bank by the president of the New Orleans National Banking Association?

Ans. I know that it came from M'r Cavaroc or the New Orleans National Banking Association, and he had some assistance granted him.

Ques. Do you know anything of the statement of its condition about that time?

Ans. Only from general rumors.

Ques. What was the general rumor as to the condition of that bank, the New Orleans National Banking Association?

Ans. The general rumor was that it was very weak and liable to suspend at any time.

Ques. Do you know what time this application was made?

Ans. I think it was three months before they suspended.

Ques. And the rumors prevailed from what time?

Ans. Well, say three months, but I think longer than that.

Cross examined by M'r Clarke:

Ques. To what were these rumors attributable—what was the occasion?

175 Ans. Well, the fact of this application was one indication of weakness in two ways: one bank asking assistance from another.

Ques. Is that all?

Ans. The fluctuations of the stock also, it being so much below par.

Ques. Suppose that they had met losses, did you know anything of them?

Ans. Yes, sir; I understand there was one failure in which they lost largely. When a bank is disposed to lend largely and has no good security it shows that they do not do business regularly.

A. BALDWIN.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

W. R. LYMAN, a witness produced and sworn for the complainant, deposes and says:

By M'r Rouse:

Ques. What business are you engaged in?

Ans. Banking and brokerage.

Ques. How long have you been so engaged?

Ans. Ten years.

Ques. In the city of New Orleans?

Ans. Yes, sir.

176 Ques. Were you here during the summer of 1873?

Ans. Yes, sir.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was during that summer for solvency?

Ans. Its general reputation was weakness. It varied according to the rumor, one way or another, but the general tenor, if you desire it, was weakness.

Ques. What were the rumors affecting it?

Ans. The first rumor, I think, which seriously affected the stock I remember now was the failure of Cambon, and some of the large dealers down town, and the rumors were that it very seriously affected its portfolio, so much so that at one time it was said that they could not get through.

Ques. When were these rumors most prominent—how long before its failure?

Ans. Well, I am compelled to guide myself by my records as to the stock, the price of the stock.

Ques. What was the course of the stock during the summer of 1873?

Ans. By my books I see that on the 8th March, 1873, the stock sold for $831\frac{1}{4}$, on the 2d May it sold for $825, and on July 9 at $817\frac{3}{4}$; and if I recollect properly, in the latter part of June it sold as low as $816. Of that I am not certain. I have no data to guide me, and I cannot testify accurately; but it was below that on July 9th.

On the 6th August I bought for a party sixty-five shares of the stock at $820. There was a little rumor bettering the stock; that is, it was not so bad as it was represented; that the portfolio was better, etc.

The stock under that impulse went up to about $20. But to give
177 you an idea later than that, I bought that stock under order, and the party did not come to me that day or the next, and when I saw him again he told me he gave the order to some one else. In the mean time I bought the stock, and it was thrown back on my hands, and I never could dispose of it afterwards. It now stands on the books of the New Orleans Banking Association in the name of Townsend & Lyman. I might perhaps have, during the month of August, sold it at considerable loss, but after the panic struck us in September it was impossible. You could hardly have given it away.

W. R. LYMAN.

Subscribed and sworn before me December 29th, 1874.

E. A. WOOLFLEY,
Examiner.

M. F. BONIS, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A broker.

Ques. For how long?

Ans. I have been a broker on my own account for two years.

Ques. Engaged in the city of New Orleans?

Ans. Yes, sir; as note, stock, and exchange broker.

Ques. Do you know anything about the reputation of the New Orleans National Banking Association, generally called Cavaroc's Bank, for solvency during the summer of 1873?

Ans. Yes, sir; it was going down all the time; it was losing credit.

Ques. Were these rumors general?

178 Ans. Well, not general.

Ques. Did you sell any of the stock, or make any effort to sell it, prior to three months before its failure?

Ans. Yes, sir; but the offers were so very low that I could not sell any of it.

Ques. Were the rumors that you speak of general in business circles—among financial men and brokers?

Ans. Well, I was rather friendly with M'r Cavaroc. I heard several times that the bank was going to fail and for no one to keep their money there, and I was advised several times before that to keep my account from it, but knowing the whole of the directors personally and M'r Cavaroc, I kept on keeping a small account, but I was advised by several parties not to keep any money there at all.

Ques. You only kept a very small account during that summer?

Ans. That is all; in fact I do not do a very large business.

Cross-examined by M'r Clark:

Ques. When did these rumors commence?

Ans. I suppose four or five months previous to the failure of the bank. There was talk about the bank being very much embarrassed.

Ques. When were these conversations with your friends suggesting you to withdraw?

Ans. Three or four months, I suppose, previous to the failure of the bank.

Ques. Did you sell any of the stock?

Ans. No, sir; not from that time.

Ques. What was offered for it?

Ans. Well, I had stock for sale for one party in Europe. It
179 cost him $42 and I was trying to sell it for from $25 to $30, and I could not. Then it went down rapidly to $19, and after that it could not be sold at all.

Ques. When was this low point reached?

Ans. Well, I suppose thirty or forty days before the failure of the bank, but before that there was hardly any sale for it and hardly any bid.

M. F. BONIS.

Subscribed and sworn before me December 29th, 1874.

F. A. WOOLFLEY,
Examiner.

EUGENE F. MIOTON, a witness produced and sworn on behalf of the complainant, deposes and says:

By M'r Rouse:

Ques. Were you a director of the New Orleans National Banking Association?

Ans. I was.

Ques. For how long?

Ans. From the moment that M'r Cavaroc took the bank up to its failure.

Ques. That was a period of several years?

Ans. Yes, sir; it was when the bank was on the corner of S't Charles street.

Ques. Who had the management of its affairs?

Ans. M'r Cavaroc.

Ques. Did the board of directors surrender almost its entire management to him?

Ans. Not entire, but almost entire.

Ques. Did he keep you advised of all its losses and calamities?

Ans. No, sir; not to me.

180 Ques. Or to the board of directors when you were present?

Ans. No, sir.

Ques. What knowledge had the board of his management?

Ans. I do not know what knowledge the board had, but for myself, three days before the failure of the bank, I never knew that the bank was in such a position.

Ques. Were you ever on a committee to examine its condition?

Ans. No, sir.

Ques. Did you know of the existence of the overdraft of P. S. Wiltz & Co.?

Ans. No, sir.

Ques. One of the directors, he was?

Ans. No, sir; I did not.

Ques. Or the overdraft of A. A. Mouton, another director?

Ans. I did not know the amount; I knew he was overdrawn, but I did not know the amount.

Ques. Was the paper offered for discount submitted to the board of directors before being discounted?

Ans. Some was and some was not.

Ques. What was the general rule?

Ans. M'r Cavaroc had the power to discount notes before putting them before the board.

Ques. Was that his custom?

Ans. Yes, sir.

E. F. MIOTON.

Subscribed and sworn before me December 31st, 1874.

F. A. WOOLFLEY,
Examiner.

181 EXHIBIT BLACHE 1.

Banking-house of Fred'k Schuchardt & Sons, P. O. box 18, No. 40 Exchange Place.

NEW YORK, *May 31st*, 1873.

HENRY BLACHE, Esq.,
Cashier New Orleans National Banking Association,
New Orleans, La:

DEAR SIR: We beg to confirm our last respects of the 29th inst., as per press copy herewith, and are to-day in receipt of your favor 26th inst., with stated enclosures, taking due note of contents.

Your currency account is credited for the following remittances, viz:

From Union National Bank, Chicago	$747 38
Union Savings Assoc'n, S't Louis	582 67

and debited $1.76 for collection charges on Boston remittance No. 2400

Against your to-day's telegram advising "200,000 Dutfoy," we have sold the gold at 117 $\frac{15}{16}$ per cent., and remain, dear sir,

Yours, sincerely,

FRED. SCHUCHARDT & SONS.

We observe, by the weekly statement of our accounts, that your account is debtor for $232,411.37, thus making $132,411.37 in excess of the sum of $100,000, which you are authorized to draw in advance. We consequently telegraphed you as follows: "Account very considerably overdrawn; please remit immediately. Answer," and await your reply.

These constant and repeated infringements on your part of the
182 conditions agreed upon between us are so exceedingly annoying that we see no other alternative than to request you either to conform to our agreement or to withdraw your account.

F. S. & SONS.

EXHIBIT BLACHE 2.

Banking-house of Fred'k Schuchardt & Sons, P. O. box 18, No. 40 Exchange Place.

NEW YORK, *September 22d*, 1873.

HENRY BLACHE, Esq.,
Cashier New Orleans National Banking Association,
New Orleans, La:

DEAR SIR: We beg to confirm our last respects of the 20th inst., as per press copy herewith, and are to-day in possession of your favor 17th inst., with stated enclosures, which receive our usual care.

For specie received per express we credit your gold account, as per memorandum annexed, $1,165.83.

We return one Mexican dollar, rejected as worthless, and we may have to report some light pieces in the gold as soon as we hear from our banks.

Your currency account is credited for remittances from the Union Savings Association of S't Louis, M'o, $462.80.

We telegraphed you this morning as follows, viz:

"How much have you drawn since 17th? Exchange unsaleable; remit balance at your debit in telegraphic transfer." Which we beg to confirm.

Enclosed we hand you copy of sales note of Pickings, etc., pertaining to Melhuish, £1,400, and 11 bales cotton pertaining to Melhuish, £8,289 17s. 3d.

183 Owing to the disturbed state of affairs we have been unable to effect any sales of exchange, and the gold board being closed, we have also to defer the sale of gold against the fr's 250 M, Seignouret.

Not receiving any reply to our telegram of this morning, we again telegraphed you at 1.30 p. m., as follows, viz, "We have no reply to our telegram of this morning; answer," and hope to be favored with a a prompt response.

We enclose, protested for non-payment, your remittance No. 2761, $1,200, on N. J. Waterbury, debiting your currency account for charges $1.25, and advising you of this protest by wires. We retain the draft until to-morrow in hopes that it may be then paid.

Yours, very truly,

FRED. SCHUCHARDT & SONS.

On receipt of your letter this morning, remitting the bills on Seignouret and advising your drafts against them, we telegraphed you as above, and having received no answer, again telegraphed to request an immediate reply, but still remain without any answer.

Although our agreement with M'r Cavaroc, j'r, was that collaterals should be placed in his hands to secure your drafts on Seignouret, and we have no advice of your having done so, either from you direct or from him, we paid your drafts without hesitation, but must say that we are much surprised that you should have departed from your usual custom of telegraphing advice of your sendings of exchange; for in times of panic like the present it is not pleasant to have sight-drafts presented for which we are unprepared. The stock and gold associations are closed and business is at a perfect stand-still, and we have

184 not consequently been yet able to sell either your exchange or the gold against it. We trust, however, that matters will soon improve, and as soon as the money market is in such a position as to render the resumption of business operations prudent we will not fail to notify you by telegraph.

F. S. & SONS.

We this moment (1.45 p. m.) receive your telegram reading, "Have remitted about seven thousand and drawn about five. Exchange unsalable here. We remit by to-day's mail. Your remittance, sixty-five pounds, not endorsed," of which we take due note.

F. S. & S.

EXHIBIT BLACHE 3.

Banking-house of Fred'k Schuchardt & Sons, P. O. box 18, No. 40 Exchange Place.

NEW YORK, *September 23d*, 1873.

HENRY BLACHE, Esq.,

Cashier New Orleans National Banking Association, New Orleans, L'a:

DEAR SIR: Since writing to you under yesterday's date, of which we

enclose press copy, we are in possession of your favors 18th and 19th inst., with stated enclosures.

We debit your currency account $0.52 for collection charges on Boston remittances No. 2874 | 75, and beg to hand you for collection for our account, as usual, $1,200 gold per 27th inst., on Hermann Isaac, No. 24 Gravier street, your city.

185 The $1,076 gold received from you yesterday have been returned to us by your bank as being of light weight, and we exchanged the same for standard coin at a discount of $18.10, for which we debit your September gold account.

Exchange is completely unsaleable, and we have to-day only succeeded in placing our drafts for fr's 50,000, at 5.42½ less ⅛ per cent., on account of the fr's 250,000 Seignouret; the gold we sold at 111⅝ per cent. Cable transfers on London are offered at 106 per cent., without finding buyers.

Yours, sincerely,

FRED'K SCHUCHARDT & SONS.

There have been some new failures to-day, all happily without our interest.

The acceptance of N. J. Waterbury for $1,200 due yesterday not having been paid to-day, we return the same enclosed, debiting your account.

F. S. & SONS.

EXHIBIT BLACHE 4.

Banking-house of Fred'k Schuchardt & Sons, P. O. box 18, No. 40 Exchange Place.

NEW YORK, *September 24th*, 1873.

HENRY BLACHE, Esq.,

Cashier New Orleans National Banking Association, New Orleans, La:

DEAR SIR: Confirming our last respects of yesterday's date, as per press copy herewith, we are since in receipt of your favor 20th inst., with stated inclosures, which have our best care.

186 We note your remarks in regard to the Joynson affair, and beg to render our thanks for ratings of New Orleans firms.

We have the pleasure to advise the sale of our drafts for—

Fr's 100,000, at 5.42½ less ¼

100,000, " 5.43¾ " ¼

against balance of fr's 250,000, Seignouret, per letter 17th inst. Although these prices may appear very low, we consider them as first-class sales. There has been little business done and francs have been offered at 5.48¾, and sterling of first-class bankers at 104½ per cent.

We beg to enclose statement of the fr's 50,000 sold yesterday, and credit your currency account $10,192.79 per this day.

We also hand you sale note and certificate of false pack of cotton pertaining to Melhuish, £8,289 17s. 3d.

In reply to our inquiry, the Union Bank writes under date the 11th inst., respecting Joynson, as follows, viz:

"Referring to your favors of the 26th August, I would call your attention to the fact that in the present instance Joynson occupied the double position as acceptor of the bill and broker for the sale of the goods."

Yours, sincerely,

FRED'K SCHUCHARDT & SONS.

There are this evening some slight appearance of an improvement. To-day the only failure of importance has been that of Howes & Macy, happily without our interest.

F. S. & SONS.

187 EXHIBIT BLACHE 5.

Banking-house of Fred'k Schuchardt & Sons, P. O. box 18, 40 Exchange Place.

NEW YORK, *September* 25, 1873.

HENRY BLACHE, Esq.,
Cashier New Orleans National Banking Association, New Orleans, La:

DEAR SIR: We beg to confirm the enclosed copy of our yesterday's respects, and are since without your further favors.

We credit your currency account for remittance from the Union Savings Association of St Louis $499.50, and beg to acknowledge receipt of your to-day's dispatch, reading, "For want of currency, banks are certifying checks over $100; buying sight one discount, selling at half; sterling and francs nominal," which we duly note with thanks.

Without further advices to-day, we remain, dear sir, yours, truly,

FRED'K SCHUCHARDT & SONS.

We have heard of no new failures to-day. There seems to be a quieter and more hopeful feeling here, and business is at a complete stand-still.

F. S. & SONS.

188 EXHIBIT BLACHE 6.

Statement of worthless notes held by the N. O. National Banking Association on and previous to the 30th June, 1873.

HELD NOTES NOT PROTESTED.

Estelle Poutz	$1,664 00
Geo. B. Shute	3,968 76
O'Neil & Gleason	564 48
E. Le Franc	752 19
T. B. Fitzhugh, $5,450 at 50c	2,725 00
M'r's Seymour	360 00
L. Lalaurie	787 85
E. F. Golsan & Co	1,575 00
E. F. Golsan & Co	2,250 00
W'm Creevy, 6,869 at 50c	3,448 00
William Wells	200 00
John Dolhonde, (with collaterals,) 7,000	5,000 00
J. Rhodes	5,000 00
M. Carroll	2,500 00
Lagan & Mackinson, (six notes)	4,850 00
F. J. Da Silva	2,042 00
P. J. Pavy & Co	24,000 00

DEMAND NOTES.

C. Roman	1,200 00
W. Scott	150 00
Fairbanks & Gilman	11,233 05
Doizé & Gaines, (with collaterals,) 33,072	23,000 00
D. Boiselle	2,844 50
Derron	300 00

189 PROTESTED NOTES.

C. Denian	$253 00
W. A. Hyde	129 20
John Ray	2,300 83
Isaac Raas	710 00
Geo. B. Shute	8,000 00
Firemen Insurance Co	6,556 67
S. A. Cartwright	120 00
J. U. Carrié	187 84
A. R. Railey	225 33
C. Denian	262 79
John Crosby	500 00
Henry Tete, (with collaterals,) 20,000	15,000 00
Louis Colomb	1,918 16
L. Moulor	245 00
Joaquin Roses	161 25
Bouligny & Esclapon, (with collaterals,) 10,000	5,000 00
Joseph Marette	113 85
J. Roses	175 00
J. R. Powell	4,500 00
P. O. Peyroux	350 00
A. M. Becali	1,508 00
H. F. Wade	250 00
Bridge & Son, (two notes)	1,846 25
J. R. Waterman, (six notes)	4,533 46
A. L. Braunson	280 00
G. Sabatier, (three notes,) 4,346	2,173 00
J. M. Peterson	321 00
Lagan & Mackinson, (six notes,) null	
190 Jos. O. Thread, (two notes)	500 00
P. Coffey	215 75
R. Torres	180 50
M. A. De Lizardi & Co	12,000 00
A. F. Jones	10,394 23
J. L. Johnson	996 55
G. G. Gordin, 3,260	2,000 00
Total loss on suspended and protested notes	$193,331 49

UNMATURED NOTES.

N. S. Williams, due in 1877	50,606 83
R. Villarrubia, about 20,000	10,000 00
A. A. Mouton, 70,000	35,000 00
P. S. Wiltz & Co., 60,000	30,000 00

OVERDRAFTS.

Old standing overdrafts by sundries	30,000 00
Overdraft, A. A. Mouton, 60,000	30,000 00
Overdraft, P. S. Wiltz & Co., 20,000	10,000 00
	$388,938 32

RECAPITULATION OF LOSSES.

Suspense account	$79,000 00
Banks and bankers' account	149,000 00
Bills receivable	15,000 00
Seignouret Frères acc't, (loss on exchange)	50,000 00
Old portfolio	68,000 00
New portfolio, (as per statement annexed)	318,938 32
191 Overdrafts, (as per statement annexed)	70,000 00
Shrinkage on stocks and bonds and depreciation of real estate	70,000 00
	$819,938 32
Notes of H. F. Given & Co., omitted	$20,000 00

192 EXHIBIT BLACHE 7.

WEDNESDAY MORNING, *September* 24, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison street property		395 09
Interest account	$10,654 72	
Exchange account	1,661 91	
Discount account	14,194 38	
Profit and loss	988 98	
		27,499 99
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart & Co	52,940 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,574 60
Special deposits, 4 per cent		3,450 00
Individual depositors	527,531 84	
Due to banks and bankers	1,697 24	
		529,229 08
Due to F. Schuchardt & Sons, currency account		129,203 98
Due to F. Schuchardt & Sons, gold account		66,232 85
Total		$2,114,652 50

D'R RESOURCES.		
Notes and bills discounted	$903,287 75	
Gold notes and bills disc't	11,702 81	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		$1,115,211 26
193 U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29

United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium "	42,795 94	
Gold "	1,844 46	
		67,281 63
Cash checks on local banks		47,361 59
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,705 75	
Seignouret Frères, Bordeaux, account S.	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		100,882 39
Due from National Park Bank		1,305 03
Due from Sternberger, Netter & Seasongood		421 76
Due from banks and bankers		138,961 55
Total		$2,114,652 50

194 THURSDAY MORNING, *September* 25, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,679 54	
Discount account	14,195 26	
Profit and loss	988 98	
		27,518 50
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,574 60
Special deposit, 4 per cent		3,450 00
Individual depositors	485,740 96	
Due to banks and bankers	1,605 46	
		487,346 42
Due to F. Schuchardt & Sons, currency account		128,705 23
do do gold ac't		66,232 85
National Park Bank, cur'cy ac't		1,282 20
		$2,073,571 80

D'R RESOURCES.

Notes and bills discounted	$902,673 58		
Gold notes and bills disc'd	9,520 31		
Bills receivable	22,212 45		
Notes and bills dis. and sus. paper, old portfolio	68,295 77		
Suspense account	109,712 48		
			1,112,414 59
U. S. five per cent., new loan	400,000 00		
195 Bonds and securities	202,585 36		
Real estate	40,641 93		
			643,227 29
United States taxes	4,501 93		
Furniture and fixtures	6,000 00		
Contingent expenses	11,556 57		
Law charges	201 45		
Protest account	381 28		
Premium do.	42,795 94		
Gold do.	1,844 46		
			67,281 63
Cash checks on local banks			5,721 62
Perier Frères & Co	4,811 52		
Seignouret Frères, Bordeaux, account F	8,705 75		
Seignouret Frères, Bordeaux, account S	16,462 56		
Seignouret Frères, Bordeaux, account K and M	10,767 93		
Fould & Co., Paris	1,586 18		
A. Duffoy & Co., Paris	13,070 89		
London Joint St'k Bank, London	14,793 87		
Crédit Suisse	30,635 53		
A. Lafargue & Co	48 16		
			100,882 39
Due from National Park Bank, gold account			5,063 27
Due from Sternberger, Netter & Seasongood			421 76
Due from banks and bankers			138,559 25
			$2,073,571 80

196 FRIDAY MORNING, *September* 26, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus fund		14,161 35
Circulation		360,000 00
Madison street property		395 09
Interest account	$10,654 72	
Exchange account	1,697 04	
Discount account	14,197 01	
Profit and loss	988 98	
		27,537 75
Cash		20,138 62
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	

G. Honnorat & Co	22,191 10		
Roederer Frères	42,718 63		
			378,905 56
Dividends			5,565 60
Special deposits, 4 per cent			3,450 00
Individual depositors	460,505 19		
Due to banks and bankers	691 01		
			461,196 20
Due to F. Schuchardt & Sons, currency account			127,956 81
Due to F. Schuchardt & Sons, gold account			66,232 85
			$2,065,539 83

D'R.	RESOURCES.		
Notes and bills discounted	$900,628 33		
Gold-notes and bills dis	9,520 31		
Bills receivable	22,212 49		
Notes and bills dis. and sus. paper, old portfolio	68,295 77		
Suspense account	109,712 48		
			1,110,369 34
	U. S. 5 per cent. new loan	400,000 00	
197	Bonds and securities	202,585 36	
	Real estate	40,641 93	
			643,227 29
United States taxes	4,501 93		
Furniture and fixtures	6,000 00		
Contingent expenses	11,556 57		
Law charges	201 45		
Protest account	381 28		
Premium account	42,795 94		
Gold account	1,844 46		
			67,281 63
Perier Frères & Co	4,811 52		
Seignouret Frères, Bordeaux, account F	8,705 75		
Seignouret Frères, Bordeaux, account S	16,462 56		
Seignouret Frères, Bordeaux, account K and M	10,767 93		
Fould & Co., Paris	1,586 18		
A. Duttoy & Co., Paris	13,070 89		
London Joint Stock Bank, London	14,793 87		
Crédit Suisse	30,635 53		
A. Lafargue & Co	48 16		
			100,882 39
Due from National Park Bank, currency account			484 57
Due from National Park Bank, gold account			5,063 27
Due from Sternberger, Netter & Seasongood			1,652 36
Due from banks and bankers			136,578 98
			$2,065,539 83

	LIABILITIES.	CR.
Capital stock		$600,000 00
Surplus funds		14,161 35

Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,666 13	
Discount account	14,267 20	
Profit and loss	988 98	
		27,577 03
Cash		33,109 38
C. J. Hambro & Son	42,621 19	
DeSulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,493 60
Special deposits 4 per cent		3,450 00
Individual depositers	445,120 88	
Due to banks and bankers	928 37	
		446,049 25
Due to F. Schuchardt & Sons, currency account		127,956 81
Due to F. Schuchardt & Sons, gold account		66,232 85
		$2,063,330 92

D'R. RESOURCES.

Notes and bills discounted	$896,798 33	
Gold notes and bills dis	9,520 31	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
199 Suspense account	109,712 48	
		1,106,539 34
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,884 46	
		67,284 63
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,599 40	
Seignouret Frères, Bourdeaux, account S.	16,462 56	
Seignouret Frères, Bourdeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Duffoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,645 53	
A. Lafargue & Co	48 16	
		100,776 04

Due from Nat. Park Bank		2,209 01
Due from Nat. Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,652 36
Due from banks and bankers		137,578 98
		2,063,330 92

200 MONDAY MORNING, *September* 29, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,267 20	
Profit and loss	988 98	
		27,531 05
Cash		69,161 03
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roerderer Frères	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	423,670 15	
Due to banks and bankers	928 37	
		424,598 52
Due to F. Schuchardt & Sons, currency account		127,154 72
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank, cur. ac't		2,796 35
		$2,037,281 20

D'R RESOURCES.		
Notes and bills discounted	866,398 33	
Gold notes and bills dis	9,520 31	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
201 Suspense account	109,712 48	
		1,076,139 34
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 03	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63

C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, account F	6,319 37	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint-Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co.	48 16	
		108,016 03
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,812 11
Due from banks and bankers		135,729 53
		$2,037,281 20

202 TUESDAY MORNING, *September* 30, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,351 74	
Profit and loss	988 98	
		27,615 59
Cash		101,379 96
De Sulzer, Wart & Co.	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer & Co.	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent.		3,450 00
Individual depositors	388,234 09	
Due to banks and bankers	928 37	
		389,162 46
Due to F. Schuchardt & Sons, currency account		124,160 97
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank		3,626 35
		$2,031,984 86

D'R RESOURCES.		
Notes and bills discounted	861,881 33	
Gold notes and bills dis	8,793 74	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,070,895 77

203	U. S. 5 per cent. new loan	400,000 00	
	Bonds and securities	202,585 36	
	Real estate	40,641 93	
			643,227 29
	United States taxes	4,501 93	
	Furniture and fixtures	6,000 00	
	Contingent expenses	11,565 57	
	Law charges	201 45	
	Protest account	384 28	
	Premium account	42,795 94	
	Gold account	1,844 46	
			67,293 63
	C. J. Hambro & Son	9,520 02	
	Seignouret Frères, Bordeaux, account F	6,266 60	
	Seignouret Frères, Bordeaux, account S	16,462 56	
	Seignouret Frères, Bordeaux, account K and M	10,767 93	
	Perier Frères & Co.	4,811 52	
	Fould & Co., Paris	1,586 18	
	A. Duttoy & Co., Paris	13,070 89	
	London Joint-Stock Bank, London	14,793 87	
	Crédit Suisse	30,635 53	
	A. Lafargue & Co.	48 16	
			107,963 26
	Due from National Park Bank, gold account		5,063 27
	Due from Sternberger, Netter & Seasongood		1,812 11
	Due from other banks and bankers		135,729 53
			$2,031,984 86

LIABILITIES.		CR.
Capital stock		600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,337 27	
Discount account	15,230 15	
Profit and loss	638 98	
		27,861 12
Seignouret Frères, Bordeaux, account F	44,421 72	
C. J. Hambro & Son	26,115 51	
De Sulzer, Wart & Co.	52,380 30	
A. Duttoy & Co., Paris	29,586 60	
		152,504 13
Dividends		5,493 60
Special depositors, 4 per cent.		3,450 00
Individual depositors	306,775 31	
Due to banks and bankers	915 14	
		307,690 45
Due F. Schuchardt & Sons, gold account		66,255 12
Nat. Park Bank, cur'cy account		3,668 33

D'R	RESOURCES.		
	Notes and bills discounted	860,621 93	
	Gold notes and bills dis.	8,793 74	
	Bills receivable	92,845 36	
	Notes and bills dis. and sus. paper, old portfolio	68,295 77	
	Suspense account	109,712 48	
			1,140,269 28
	U. S. 5 per cent new loan	400,000 00	
	Bonds and securities	161,360 36	
205	Real estate	40,641 93	
			602,002 29
	United States taxes	4,501 93	
	Furniture and fixtures	6,000 00	
	Contingent expenses	13,438 67	
	Law charges	201 45	
	Protest account	381 28	
	Premium account	42,795 94	
	Gold account	2,720 20	
			70,039 47
	Cash checks on local banks		65,170 11
	Seignouret Frères, Bordeaux, account S.	16,462 56	
	Seignouret Frères, Bordeaux, account K and M	10,767 93	
	Crédit Suisse	30,635 53	
	Fould & Co., Paris	1,586 18	
	Perier Frères & Co	4,811 52	
	London Joint-St'k Bank, London	14,527 22	
	A. Lafargue & Co	48 16	
			78,839 10
	Due from National Park Bank, gold account		5,063 27
	Due from F. Schuchardt & Sons		2,651 54
	Due from Sternberger, Netter & Seasongood		812 11
	Due from banks and bankers		131,118 82
			2,095,965 82

	LIABILITIES.		CR.
	Capital stock		$600,000 00
	Surplus funds		14,161 35
	Circulation		360,000 00
	Madison-street property		395 09
	Interest account	10,654 72	
	Exchange account	1,310 92	
	Discount account	15,356 77	
	Profit and loss	363 98	
			27,686 39
	Seignouret Frères, Bordeaux, account F	52,812 16	
	Seignouret Frères, Bordeaux, account S.	11,630 33	
	C. J. Hambro & Son	46,362 68	
	A. Dutfoy & Co., Paris	41,813 89	
	De Sulzer, Wart & Co.	52,380 30	

Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		488,363 43
Dividends		5,493 60
Special deposit, 4 per cent		3,450 00
Individual depositors	289,631 30	
Due to banks and bankers	915,14	
		290,546 52
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank, cur'cy ac't		5,668 33
Clearing-house, certificate account		206,970 35
N. O. Mutual Insurance Association		61,122 73
		2,130,112 91

207 D'R. RESOURCES.

Notes and bills discounted	853,066 43	
Gold-notes and bills dis	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,132,713 78
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 2
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,014 18	
Law charges	201 45	
Protest account	381 28	
Premium account	42,795 94	
Gold account	2,720 20	
		63,614 98
Checks on local banks		51,492 33
Crédit Suisse	30,635 53	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
London Joint-Stock Bank, London	2,187 98	
A. Lafargue & Co	48 16	
		50,037 30
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchardt & Sons, currency account		5,976 67
Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		211,400 18
		$2,130,112 91

208 EXHIBIT BLACHE 8.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, July 31, 1873.

REGULAR MEETING.

Present, C. Cavaroc, pres't; J. Aldigé, A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 7, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, John Rocchi.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 14, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, J. Aldigé.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 21, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

209 N. O. NAT. BANKING ASSOCIATION,
New Orleans, August 28, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; J. Aldigé.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 4, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 11, 1873.

REGULAR MEETING.

Present, C. Cavaroc, John Rocchi, A. Tertrou.
No quorum.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 19, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; John Rocchi, J. Aldigé, A. Tertrou, L. Haas, j'r, A. A. Mouton.

210 Reading of minutes of last meeting dispensed with. Daily balances, discounts made, and exchange purchased, read and approved.

On motion of M'r Tertrou, seconded by M'r Rocchi, it was unanimously

Resolved, That the board, appreciating the valuable services of C. Cavaroc, j'r, in behalf of the bank in New York and in Europe during his recent voyage, hereby express their gratitude, and move that a committee of three be appointed to offer to C. Cavaroc, j'r, the thanks of this institution.

Mess'r's Tertrou, Aldigé, and Rocchi were appointed on that committee.

On motion of M'r Aldigé, it is further

Resolved, That a sum of five hundred dollars be offered to M'r C. Cavaroc, j'r, not as a compensation for his services, but merely to defray the expenses that were actually incurred by him.

The president having stated that the bank had obtained, through the combined influence of M'r Le Marchand and C. Cavaroc, j'r, a loan of one million francs from the Crédit Mobilier of Paris, and that he considered a commisssion due to the former, the board authorized him to allow to M'r Le Marchand what he deemed proper in the case.

There being no other business, the board then adjourned.
(Signed) C. CAVAROC, *President.*
HENRY BLACHE, *Cashier.*

211 N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 20, 1873.

CALLED MEETING.

Present: C. Cavaroc, president; A. Tertrou, J. Aldigé, John Rocchi, A. A. Mouton, P. S. Wiltz, L. Haas, j'r.

The president stated that the object of the meeting was to inform the board of the unpleasant state of affairs in general, and particularly of the panic actually prevailing in New York. The suspension of Jay Cooke & Co., which was already announced, and which, no doubt, would be followed by many others, would surely tend to increase the present uneasiness and render our money market still more stringent.

He would, therefore, ask the board to suggest or adopt such measures as, in their judgment, they would think expedient to avert the impending crisis.

Whereupon, it was unanimously

Resolved, That all precautionary measures to be taken be left entirely

to the discretion of the president, the board having ratified all that might be done by him.

It was further

Resolved, That in view of securing the president against any eventual loss of the 7 per cent. city of New Orleans bonds belonging to the firm of C. Cavaroc & Son, and actually pledged to Messrs. F. Schuchardt & Sons, agents of the bank at New York, as collateral security for the payment of all foreign exchange bills entrusted to their care for negotiation, and by them endorsed, that he be, and is hereby, authorized to select as guarantee, from the portfolio of the bank, such papers as he may think proper, to the extent of one hundred thousand dollars.

On motion, it is further

212 Resolved, That the board hereby tender their thanks to the president for the aid he is individually lending by leaving undisturbed a large cash balance of eighty thousand dollars, actually standing to the credit of C. Cavaroc & Son on the books of the bank.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, Sept. 25, 1873.

REGULAR MEETING.

Present: C. Cavaroc, president; J. Aldigé, L. Haas, j'r.

No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, Oct. 1, 1873.

SPECIAL MEETING.

Present: C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president reported to the board that the balance due by this association at the clearing-house this morning was $37,169.11, which it was necessary to make good and provide for; that the firm of C. Cavaroc & Son, for the purpose of aiding and relieving the association, offered to furnish it with certain available securities and with the requisite cash, provided they should be indemnified by the transfer of like securities of the association not now available on this market: that the said

213 firm, upon their offer being accepted by the president, at once placed at the disposition of the association the following assets, to wit:

(30) thirty bonds of $1,000 each, city, 7 per cent. gold-bearing interest, at $62, worth	$18,600
(2) two bonds of $1,000 each, and (1) one bond of $500 of the N. O. Live Stock Landing & Slaughter-House Co., at $75, worth	1,875
One bill of exchange on F. Schuchardt & Sons, New York	10,000
Total value	$30,475

which they agreed to sell to the association for the above price of valuation, payable in bonds belonging to the association, now in Bordeaux, France, or in transit therefrom.

The president, having accepted the offer so made, took possession of

the said bonds and exchange, purchasing the same at the valuation above stated, and at once deposited the same with the clearing-house to make good therein the balance against the association. The president, having agreed to sell and transfer to the said firm of C. Cavaroc & Son, in payment of the above, 42 old consolidated city 6 per cent. bonds, of $1,000 each, worth this day on the market 72½ each, say the sum of $30,459, which said bonds were lately deposited with Seignouret Freres, of Bordeaux, and are now either in their hands or in transit to this place, being bonds of series A, with coupons of January and July, numbered 3337–3341, 5086, 5159, 5168–5177, 5194–5203, 5224–5230, 5247, 5251–5255, 5257, 5258, did close the sale of these bonds to C. Cavaroc & Son on these terms, and promised to make a conveyance of the
214 same in due form, to the said firm of C. Cavaroc & Son, subject to the ratification of the board. Whereupon the board, taking into consideration the above report of the president, it was

Resolved, That the action of the president in obtaining and purchasing from the firm of C. Cavaroc & Son the city and slaughter-house bonds, and the exchange stated, and in selling to the said firm for the price thereof forty-two bonds, numbered as above, now in transit as above specified, be, and the same is hereby, ratified and confirmed; and that the president and cashier be, and they are hereby, authorized and empowered to make out to the said C. Cavaroc & Son all proper and necessary transfers and conveyances of the said bonds to them sold, as aforesaid, in full ownership, and to put them in immediate possession of the same.

And the board considering the present stringency in the money-market, and the possible recurrence of the balance of exchanges at the clearing-house being against this association, is was

Resolved, That the president be, and is hereby, authorized and empowered, in order to cover and settle any such balance or balances, to purchase, from time to time, from the said firm of C. Cavaroc & Son, or from any other firm who shall offer the same, such available securities as shall or may be necessary for the purpose, at the market-price thereof, and to sell, deliver, and transfer to the vendors thereof so many of the old consolidated city 6 per cent. bonds belonging to this association, now in the hands of Seignouret Freres, of Bordeaux, or in transit, at the market-value thereof, in payment of the same, and to make to said parties all necessary conveyances therefor.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

215 N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

REGULAR MEETING.

Present: C. Cavaroc, president; J. Aldigé.
No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

SPECIAL MEETING.

Present: C. Cavaroc, president; J. Aldigé, A. Tertrou, Jno. Rochi, A. Mouton, E. F. Mioton.

The president stated that, in virtue of the resolution adopted at the

meeting of the 1st inst., he had provided for part payment of the clearing-house balance against the bank in this morning's exchanges by procuring securities to the extent of $20,000, belonging to C. Cavaroc & Son, against an equal amount of clearing-house certificates.

Whereupon it was resolved, That the board hereby rat'fies and confirms the sale to C. Cavaroc & Son of 28 city of New Orleans old consolidated bonds, numbered 5634–5661, at the stipulated price of 72½, equal to $20,300, giving to the president and cashier full power to convey said bonds in due form to the said C. Cavaroc & Son, in payment of the above securities; for the difference against them the said C. Cavaroc & Son giving their check for $300.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

216 N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 3, 1873.

SPECIAL MEETING.

Present: C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president having reported that in virtue of the resolution adopted at the meeting of the 1st inst. he had provided for a portion of the clearing-house balance against the bank on the 1st inst., by procuring from the New Orleans Mutual Insurance Association the following assets, viz:

10 bonds ($1,000 each) Mechanics' and Agricultural Fair Association, $50, worth	$5,000
11 bonds ($1,000 each) Live Stock and Slaughter-House Co., $74, worth 7 bonds ($500 each) Live Stock Landing and Slaughter-House Co., $75, worth	10,875
Altogether	$15,875

and that in virtue of the same resolution he had further provided for part payment of the clearing-house balance against the bank in the exchanges of this morning by procuring from Messrs. C. Cavaroc & Son the following assets charged to bills receivable on the books of the bank, viz:

Gold note of Webster & Co., due 10–13 Nov	$1,521	35
" " Jno. I. Adams & Co., due 8–11 Nov	2,250	00
" " Flash, Lewis & Co., due 25–28 Nov	5,738	83
	$9,510	18
Taken by clearing-house at 10¾ premium	974	79
Equal to	$10,484	97

217 It is resolved, That the board hereby ratifies and confirms, in payment of the above-described securities, the sale to the New Orleans Mutual Insurance Association of 22 of the old consolidated city of New Orleans 6 per cent. bonds of the value of $1,000 each, series A, coupons of January and July, actually in the hands of Seignouret Frères, of Bordeaux, or in transit to this place, numbered 5662–5680, 5360, 5392, 5538, at the stipulated price of 72½, equal to $15,950, leaving

a difference of $75, settled by check of the insurance association, and to the said firm of C. Cavaroc & Son (15) fifteen of the old consolidated city of New Orleans 6 per cent. bonds of the value of $1,000 each, series A, coupons of January and July, numbered 5524–5544, 5815, 5869, 4877–79, 1711, 1713, 840, 1911, 4568, 4769, at the stipulated price of 72½, equal to $10,875, leaving a difference of $390.03, settled by check of C. Cavaroc & Son.

It is further resolved, That the president and cashier be, and are hereby, authorized and empowered to convey in due form to the said New Orleans Mutual Insurance Association, and to the said C. Cavaroc & Son, the above-described bonds in full ownership from this day.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 4, 1873.

SPECIAL MEETING.

Present: C. Cavaroc, president; John Rocchi, J. Aldigé, E. F. Mioton, A. Tertrou, A. A. Mouton.

On motion, it is

218 Resolved, That in view of the condition of the affairs of this association, and of its eventual immediate suspension, a committee of two members of this board, to whom shall be adjoined the cashier, be appointed for the purpose of repairing to Washington and conferring with the Comptroller of the Currency, and making with him such arrangements as shall be necessary in order to place the receivership and liquidation of this association in the hands of the board of directors and of its stockholders, and that said committee shall have full power to take such steps, and to make any other and further arrangements with the Comptroller of the Currency as they shall deem advisable, in the interest of this association.

Resolved further, That Messrs. Eugene F. Mioton and Jules Aldigé, of this board, be appointed members of this committee.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

EXHIBIT BLACHE 9.

Be it known, that on this twenty-fifth day of the month of September, in the year of our Lord one thousand eight hundred and seventy-three, before me, Theodore Guyol, a notary public, duly commissioned and sworn, for the parish of Orleans, State of Louisiana, and in the presence of the witnesses hereinafter named and undersigned, personally appeared the parties whose names are hereinafter subscribed, acting for and in the names of the banks and firms which they severally represent, who declared that in their several capacities they had made and en-

219 tered into the following agreements and stipulation which shall govern their mode of procedure for and during the thirty days ensuing the date hereof. Messieurs Louis Schneider, George Jonas, and Patrick Irwin are hereby appointed as trustees to act in behalf of the parties to this agreement; the said Louis Schneider to act as president of the said trusteeship.

The said trustees are hereby empowered to issue certificates to each bank and banker, upon deposits of collaterals to the extent of seventy-five per cent. of what the said trustees shall deem their par value, the said certificates to be called clearing-house certificates, and to be in sums of not less than one thousand dollars and not more than five thousand dollars each.

The said trustees shall select a bank to deposit the collaterals lodged with them.

The banks and bankers herein represented as parties to this act are hereby bound to issue only certified checks in payment of all sums over twenty-five dollars, and not to pay currency in sums exceeding twenty-five dollars upon the checks of any depositor on the same day.

The parties to this agreement shall use certified checks in the purchase of domestic or foreign exchange, and clearing-house certificates only in settlement of their daily exchanges and balances.

All new deposits shall be payable in the same kind of currency as that deposited.

The several banks and bankers herein represented are hereby bound not to increase their present line of discounts, and to use all efforts to curtail their liabilities.

In case at the expiration of thirty days from this date any of the parties to this act should fail to redeem the collaterals deposited by them as aforesaid, the said trustees are hereby authorized and empowered to sell and dispose of the said collaterals, at private sale, to the best of the interest of the parties interested, and to apply the proceeds of such sales to the redemption of said certificates; the whole without any intervention of justice.

This agreement being made and entered into to prevent the drain of currency which would inevitably take place on the banks of New Orleans, it is understood that it shall not apply to gold deposits, which are to be paid and settled in the usual manner.

Done and passed in my office, at the city of New Orleans, on the day, month, and year first before written, in the presence of Armand Guyol and John Steiner, competent witnesses, who have signed these presents with the parties, and me, notary, after reading the whole.

(Signed) HIBERNIA NATIONAL BANK, *by P. Irwin, President.*
STATE NATIONAL BANK, *by E. Rigney, Vice-President.*
UNION NATIONAL BANK, *M. M. Simpson, Vice-President.*
BANK OF AMERICA, *per Am. Fortier, President.*
MUTUAL NATIONAL BANK OF N. O., *P. Fourchy, Pres't.*
THE PEOPLE'S BANK OF N. O., *R. M. Davis, President.*
N. O. NAT. BANKING ASSOCIATION, *C. Cavaroc, Pres't.*
PIKE, BROTHER & CO.
N. O. NATIONAL BANK, *J. K. Bell, President.*
CITIZENS' BANK OF LOUISIANA, *John G. Gaines, Pres't.*
GERMANIA NATIONAL BANK, *Louis Schneider, Pres't.*
BANK OF LAFAYETTE, *N. Hopkins, jr, President.*
LOUISIANA NATIONAL BANK, *A. Luria, Cashier.*
TEUTONIA NATIONAL BANK, *I. R. Wilderman, Pres't.*

ARMAND GUYOL.
JOHN STEINER.

THEO. GUYOL, *Not. Pub.*

A true copy of the original.
New Orleans, November 8, 1873.

THEO. GUYOL, *Notary.*

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EXHIBIT BLACHE 10.

Articles of association.

We, the undersigned, the directors of the Bank of New Orleans, in the city of New Orleans, in the State of Louisiana, having been authorized by the owners of two-thirds of the capital stock of said bank to change and convert the said bank into a national banking association, under and according to the provisions of the act of Congress entitled "An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," approved June 3, 1864, and to execute articles of association, do hereby, in our own behalf and in behalf of the stockholders whom we represent, make and execute the following articles of association:

1st. The name and title of the association into which the said Bank of New Orleans is to be changed and converted shall be the New Orleans National Banking Association.

2d. The place where its banking house or office shall be located, and its operations of discount and deposit carried on, and its general business conducted, shall be the city of New Orleans, in the parish of Orleans and State of Louisiana.

3d. The board of directors shall consist of twelve stockholders.

The regular annual election of directors shall be held on the second Monday of January of each year; but if no election shall be held on that day, it may be held on any other day, according to the pro-
222 visions of the tenth section of the act; and all elections shall be held according to such regulations as may be prescribed by the board of directors of the association, not inconsistent with the provisions of the aforesaid act.

4th. The capital stock of this association shall be ($600,000) six hundred thousand dollars, to be divided into shares of thirty dollars each; but the capital may be increased, according to the provisions of the thirteenth section of the act, to any sum not exceeding fifteen hundred thousand dollars; and in case of the increase of the capital of the association, each stockholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to according to the number of shares owned by him before the stock is increased.

5th. The board of directors (a majority of whom shall be a quorum to do business) shall elect one of their number to be president of this association, who shall hold his office (unless he shall become disqualified or be sooner removed by a two-thirds vote of all the members of the board) for the term for which he was elected a director; and they shall have power to elect a vice-president, who shall also be a member of the board of directors, and to elect or appoint a cashier, and such other officers and clerks as may be required to transact the business of the association; to fix the salaries to be paid them, and to continue them in office, or to dismiss them, as, in the opinion of a majority of the board, the interests of the association may demand. They shall also have power to define the duties of the officers and clerks of the associa-
223 tion; to require bonds from them, and to fix the penalty thereof; to regulate the manner in which elections of directors shall be held, and to appoint judges of the elections; to provide for an increase of the capital of the association, and to regulate the manner in which such increase shall be made; and generally to do and perform all the acts that it may be legal for a board of directors to do under the act

aforesaid; and they shall also have the power to make all by-laws that it may be proper and convenient for them to make, under said act, for the general regulation of the business of the association and the entire management and administration of its affairs; which by-laws may prohibit, if the directors shall so determine, the transfer of stock owned by any stockholder who may be liable to this association, either as principal debtor, or otherwise, without the consent of the board.

6th. This association shall continue for the period of twenty years from the date of the organization-certificate unless sooner dissolved by the act of its stockholders owning at least two-thirds of its stock, who may dissolve and close up the association in such manner as they may deem to be for the interest of the stockholders and creditors of the association, but subject to the restrictions, requirements, and provisions of the act.

7th. The articles of association may be changed or amended at any time by stockholders owning a majority of the stock of the association, in any manner not inconsistent with the provisions of the act; and the board of directors, or any three stockholders, may call a meeting of the stockholders for this purpose.

In witness whereof, we, the directors aforesaid, for ourselves as
224 such directors, and in behalf of the stockholders of the Bank of New Orleans, have hereunto set our hands, this third day of April, eighteen hundred and seventy-one.

S. CAMBON.	S. CAVAROC.
LEON HAAS, J'R.	F. E. BOMARD.
E. K. CONVERSE.	CHARLES DE RUYTER.
E. F. MIOTON.	W'M VON PHUL.
F. B. FLEITAS.	A. THIBAUT.
J. ALDIGE.	P. S. WILTZ.

I certify that the articles of association of the New Orleans National Banking Association were executed in duplicate, and that one of the instruments so executed is the foregoing, and that the other, in all respects like the foregoing and stamped in the same manner, is on file with said banking association.

Dated at New Orleans this third day of April, A. D. 1871.

C. CAVAROC, *President.*

225 EXHIBIT WILLOZ 1.

Statement of the condition of the New Orleans National Banking Association, at New Orleans, in the State of Louisiana, at the close of business on the 4th day of October, 1873.

RESOURCES.

D'R.		
Notes and bills discounted	$853,066 42	
Gold notes and bills disc'ted	8,793 74	
Bills receivable	92,845 36	
(Old P. F.) notes and bills discounted and susp'd paper	68,295 77	
Suspense account	109,712 48	
		$1,132,713 78
U. S. 5 per cent., (new loan)	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29

U. S. taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,014 18	
Law charges	201 45	
Protest account	381 28	
Premium account, (in bonds)	42,795 94	
Premium account, (gold acc't)	2,720 20	
		73,614 93
Cash account		51,492 33
Société Crédit Suisse	30,635 53	
Seignouret Frères, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co	1,586 18	
London Joint Stock Bank	2,187 98	
A. Lafargue & Co	48 16	
		50,037 30
National Park Bank, (gold account)	5,063 27	
F. Schuchardt & Sons, (c'y acc't)	2,976 67	
Sternberger, Netter & Seasongood	812 11	
		8,852 05
Banks and bankers		211,400 18
		2,130,112 91

226 LIABILITIES.

		Cr.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison street property		395 09
Interest account	10,654 72	
Exchange account	1,310 92	
Discount account	15,356 77	
Profit and loss	363 98	
		27,686 39
Seignouret Frères, account F	52,812 16	
Do., account S	11,630 33	
C. J. Hambro & Son	46,362 68	
A. Dutfoy & Co	41,813 80	
De Sulzer, Wart & Co	52,380 30	
Crédit Mobilier	218,454 34	
G. Hannorat & Co	22,191 10	
Roederer Frères	42,718 63	
		488,363 43
Dividends		5,493 60
Special deposits		3,450 00
Individual depositors		289,631 38
F. Schuchardt & Sons, (gold account)		66,255 12
National Park Bank, (currency account)		5,668 33
Clearing-house certificates		206,970 35
N. O. Mutual Ins. Ass'n		61,122 73
Banks and bankers		915 14
		2,130,112 91

Certified correct.

C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

227 UNITED STATES OF AMERICA,
District of Louisiana, ss:

I, Francis A. Woolfley, special examiner duly appointed by the circuit court of the United States for the district of Louisiana, a copy of whose order, issued on the , is hereto annexed, to take the depositions of Henry Blache and Armand Willoz, witnesses on the part of the complainant, do hereby certify that on the days named in the depositions hereto annexed, I was attended at the office of J. D. Rouse, esq., No. 34 Carondelet street, in the city of New Orleans, by the counsel and witnesses aforesaid; that the said witnesses were duly sworn and examined, and the depositions reduced to writing, and read to the witnesses and by them subscribed in my presence. And that Exhibit Blache 1 to Blache 10, inclusive, and Exhibit Willoz 1, were introduced in evidence in said cause during the taking of said depositions.

And I further certify that the depositions of Amilcar Fortier, Paul Fourchy, E. H. Reynes, Thos. Janney, Gustave Blache, F. F. Case, Albert Baldwin, W. R. Lyman, M. F. Bouis, and Eugene F.
228 Mioton, taken on behalf of complainant, in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Charles Cavaroc & Son et al, No. 7064, United States circuit court, were offered in evidence by the complainant in this case.

New Orleans, May 22d, 1875.

(Signed) F. A. WOOLFLEY,
Special Examiner.

Testimony for defendants.—Filed May 22d, 1875.

United States circuit court, fifth circuit, dist. of Louisiana. In equity.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'K'G Association,
vs.
F. SCHUCHARD & SON ET AL. } No. 7074.

Testimony taken on the part of the defendants under the 67th rule of practice for the courts of equity of the United States, before F. A. Woolfley, special examiner, duly appointed by the aforesaid court to take the depositions of the witnesses in the above-entitled cause.

NEW ORLEANS, *March 17th*, 1875.

229 Present: F. Fuselier, esq., for defendants.
" J. D. Rouse & J. R. Beckwith, for complainant.

Defendants offer in evidence, to be used in this case, the deposition of Samuel H. Kennedy, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. National Park Bank of New York et al., No. 7072, United States circuit court; also the depositions of George Jonas, Jules Aldigé, and Charles Cavaroc, senior, taken on behalf of defendants in the case of Charles Cavaroc & Son et al., No. 7064, United States circuit court; and also the depositions of George Jonas, Patrick Irwin, and Louis Schneider, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Louis Schneider et al., No. 7069, United States circuit court, subject to all objections entered in said cases.

Adjourned to March 18th, 1875.

NEW ORLEANS, *March 18th*, 1875.

Present, F. Fuselier, for defendants; J. D. Rouse & J. R. Beckwith, for complainant.

230 EMILE SEIGNOURET, junior, a witness produced and sworn on behalf of defendants, deposes and says:

By M'r Fuselier:

Ques. Where do you reside?

Ans. In Bordeaux, France.

Ques. On or about the seventeenth September, 1873, as appears from the testimony of Henry Blache, late cashier of the New Orleans National Banking Association, five drafts, numbered from 288 to 292, inclusive, for fifty thousand francs each, were drawn on you by the New Orleans National Banking Association, payable sixty days' sight. Were not these drafts presented to you?

Ans. Yes, sir; they had been presented to me.

Ques. At maturity?

Ans. No, sir; for acceptance.

Ques. Did you or not accept them?

Ans. I refused to accept them.

Ques. When you say that they were presented to you, do you mean yourself individually, or any firm of which you are a member?

231 Ans. I saw them myself; a member of the firm of Seignouret Fréres.

Ques. Of which you are a partner?

Ans. Yes, sir.

Ques. The drafts were presented for acceptance and you refused?

Ans. Yes, sir.

Ques. Were they afterwards presented for payment?

Ans. Well, I was not in Bordeaux at the time the drafts were due.

Ques. Do you know whether or not these drafts were ever paid by the firm of Seignouret Fréres?

Ans. They never have been paid.

Q. Who holds them?

Ans. They were presented to us by a firm in London, Cohen & Co., for account of Schuchardt & Sons, of New York.

Ques. Did these drafts bear the endorsement of Schuchardt & Sons, of New York?

(Complainants objects to the two last questions on the ground that the information sought by them is not the best evidence on the subject, and that the best evidence of any writing on the bills are the bills
232 themselves and the endorsements.

Cross-examined by Mr. Beckwith for complainant:

Ques. Did you ever have any other bills of the New Orleans National Banking Association?

233 Ans. Yes, sir.

Ques. Any others protested for non-acceptance?

Ans. I cannot remember—for non-payment, we had; but for non-acceptance, I cannot say.

Ques. Did all the bills you ever accepted, or all the bills presented to you for acceptance, not accepted by you, drawn by the New Orleans National Banking Association, come through Schuchardt & Sons?

Ans. I am not sure; but these drafts of fifty thousand francs each did; about the rest I am not sure.

Ques. Did you look at the bills when they were presented to you?

Ans. Yes, sir; myself.

Ques. Presented by the notary?

Ans. Presented by a huissiar; he is the person that presents bills in Bordeaux, the same as a notary here.

Ques. Do you know what writing there was on the back of the bills, or on the face of them, except the form of the bill?

Ans. On the back of the bill I remember there was the endorsement of Schuchardt & Sons to Cohen & Co., of London.

Ques. Was there a form of any assignment?

Ans. I do not know exactly; I think they were, pay to such and such parties. I do not remember. I believe a name might be on the bills, but which way they were endorsed I do not remember.

Ques. Did you ever have any other dealing with Schuchardt & Sons?

Ans. Never.

Ques. Did you ever see them write their name—any member of that firm?

234 Ans. Yes, sir; very often.

Ques. You saw them?

Ans. I saw them on the bill. If they were not endorsed I would not buy them.

Ques. But Schuchardt & Sons; did you ever see them write their name?

Ans. Never.

EMILE SEIGNOURET.

Subscribed and sworn before me March 18th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Examination adjourned to March 19th, 1875.

NEW ORLEANS, *March 19th*, 1875.

Present, F. Fuselier, for defendants; J. D. Rouse & J. R. Beckwith, for complainant.

CHARLES DEARMAS, a witness produced and sworn on behalf of defendants, deposes and says:

By Mr. Fuselier:

Ques. Please state whether or not, on or about the 17th September, 1873, and any time subsequent, you were connected in any manner with the New Orleans National Banking Association?

Ans. Yes, sir; I was.

Ques. In what capacity?

Ans. As note and discount clerk.

Ques. Were you note and discount clerk on the 17th September, 1873?

Ans. Yes, sir; and until the 4th of October, 1873.

Ques. Do you know whether or not, on or about the 17th September, 1873, any notes or bills of the New Orleans National Banking Association were by you or through you, as note-clerk of that institution, set apart for the use of any person?

235 Ans. Yes, sir; some were set apart for Schuchardt & Sons.

Ques. Where are the Schuchardt's from?

Ans. New York, I think.

Ques. Was a list made at that time of the securities so set apart?

Ans. Yes, sir.

Ques. Did you make one?

Ans. Yes, sir.

Ques. Can you produce it?

Ans. It was one of the first lists made.

Witness produces a letter-press book and says:

Here is one of the lists, but I do not know whether it is the first or second, but it is one of them, I know.

Ques. Can you ascertain whether it was the first list or not?

Ans. This is one of the lists, I know—one of the last lists. I cannot say from this book (letter-press) whether it is the first list or not. It was made between the 4th and 20th September, 1873.

Ques. And the list to which you refer was made between the 4th and 20th September, 1873.

Ans. Yes, sir.

Ques. Can you not specify the exact date?

Ans. No, sir.

Ques. Will you compare it with the document marked "Exhibit D," annexed to the answer of Schuchardt & Sons in this case, and say whether or not it is a copy of it?

Ans. Yes, sir; it is a copy of it. These red marks on the letter-press copy were made by me.

Ques. Is that list in your handwriting?

236 Ans. Yes, sir; the list in the letter-book that I refer to.

Defendants offer the letter-press copy of said list on page 299, a copy of the same to be furnished, certified by the examiner.

(Exhibit DeArmas 1.)

Ques. What became of these notes and securities that are contained in that list subsequent to there being first set apart, or what was done with them when they were set apart?

Ans. They were set under cover, with the name of Schuchardt & Sons signed as security for Schuchardt & Sons.

Ques. What do you mean by under cover?

Ans. In an envelope.

Ques. What was done with that envelope?

Ans. Handed to the cashier or the president of the bank.

Ques. Do you remember particularly whether it was handed to the cashier or the president?

Ans. No, sir. I gave them to the president, but he may have told me to return them to the cashier for safe-keeping.

Ques. Do you remember that he told you so?

Ans. Yes, sir; I gave them to M'r Cavaroc personally, but not as president of the bank. I mean Charles Cavaroc, the president.

Ques. Was he at that time a member of any firm in the city that you know of?

Ans. Yes, sir; Cavaroc & Son. When I say I gave the envelope to M'r Cavaroc, president of the bank, I may have given it to Charles Cavaroc, junior, but it was outside banking affairs.

237 Ques. When did you again see the securities mentioned in that list, or any of them?

Ans. I saw them two or three days there.

Ques. On what occasion?

Ans. Because I could not keep the run of these notes, and when parties came to pay them I wanted to have them. I had to answer to the public and give them.

Ques. What was the occasion of your seeing them; what did you see them for?

Ans. At the maturity of some of these notes or the renewal; I don't remember exactly what it was.

Ques. Was there anything done with any of these securities at their maturity or renewal?

Ans. By referring to the books I could tell.

Ques. The first time you saw them again after they were put in the envelope and given to M'r Cavaroc, what was done with them?

Ans. They were kept aside.

Ques. When did you see them last?

Ans. At the expiration of the bank.

Ques. Were these same securities mentioned in that list that you refer to in the envelope at that time?

Ans. No, sir; some of them may, but I took some of them out and substituted others.

Ques. Which ones did you take out?

Ans. Three remained for Schuchardt & Sons, but the others were transferred to the clearing-house, and I substituted others for them.

Ques. Who took them out of the envelope?

Ans. I did.

Ques. Call out a list of those that you took out of the envelope by the names of the makers?

238 Ans. I took out the note of A. Lastraps & Co., $6,250, due on the 7th December, 1873; Levi & Haas' note for $247.07, due November 30th, 1873; and Smith & Goldsmith's note for $25,000, due November 29th, 1873.

Ques. That was all you took out of that envelope?

Ans. Well, there was another one, but I don't know what has become of it.

Ques. At what time did you take these securities out of that envelope?

Ans. I do not remember; but I know I made them over to the clearing-house.

Ques. By whose order did you take them out of that envelope?

Ans. I don't know whether it was myself or M'r Cavaroc; for value received for another note. I may have taken out one.

Ques. What was done with the securities when they were taken out of this envelope?

Ans. Given to the clearing-house.

Ques. For what purpose?

Ans. To borrow from the clearing-house, I think.

Ques. You stated, I believe, that other securities were substituted in place of those withdrawn?

Ans. Yes, sir.

Ques. What securities were substituted?

Ans. I do not know. If I had my list I could tell you.

Ques. Where is your list?

Ans. I do not know. I gave it to the cashier.

Ques. Did you strike a copy of that list on the impression-book?

Ans. No, sir; I had too much to do.

239 Ques. Who directed you to substitute other securities in place of those that had been transferred?

Ans. M'r Cavaroc.

Ques. In what capacity?

Ans. As president of the bank.

Ques. Did you place these substituted securities in the envelope immediately on receiving his order?

Ans. No, sir; I may have done so or not until the following day, or two days after.

Ques. What finally became of the envelope which contained the securities that had been set apart for Schuchardt & Sons?

Ans. I handed them back to M'r Cavaroc.

Ques. Do you know what he did with them?

Ans. He took possession of them again the second time and put them in his box.

Cross-examined by M'r Rouse for complainant:

Ques. When did you last hand these notes that you speak of to M'r Cavaroc?

Ans. It may have been the day previous to the suspension of the bank or the same day.

Ques. Where was M'r Cavaroc at the time?

Ans. In the bank.

Ques. Was it M'r Charles Cavaroc, senior, who had possession of the envelope?

Ans. No, sir; it was M'r Cavaroc, junior.

Ques. What do the letters "C. H." mean opposite the names of Lastrapes, Levi & Haas, and Smith & Goldsmith?

Ans. Clearing-house.

240 Ques. That means that these notes were pledged or given to the clearing-house?

Ans. Yes, sir.

Ques. What notes were substituted for these?

Ans. I do not know.

Ques. Do you know that any were?

Ans. Yes, sir.

Ques. What became of them?

Ans. I gave them to M'r Cavaroc.

Ques. Were not some of them paid; did not some mature before the failure of the bank?

Ans. Yes, sir; I think so.

Ques. Some of these notes, had they not matured?

Ans. I think so.

Ques. Were they not paid in the ordinary course by the makers?

Ans. Yes, sir; they may have been paid, or renewed, or protested.

Ques. Such as were paid, did not the cash go into the general cash of the bank?

Ans. Yes, sir.

Ques. And it was not credited to Schuchardt & Sons?

Ans. No, sir.

Ques. Nor to anybody?

Ans. No, sir.

Ques. Were these notes on the list which you finally handed to M'r Cavaroc credited to the account of "Notes and bills discounted?"

Ans. Yes, sir; when they were paid.

241 Ques. I want to know if the list of notes which were finally passed over to M'r Cavaroc were credited on the books of the bank to notes and bills discounted, and a corresponding entry made charging Schuchardt & Sons?

Ans. No, sir.

Ques. That list remained as a part of the portfolio of the bank, still remained on the books of the bank; or was there anything on the books of the bank to show the disposition of them?

Ans. No, sir; except my tickler.

Ques. What memorandum was there in your tickler as to the disposition of them?

Ans. I do not see any on the tickler.

Ques. You did not make any memorandum of the disposition of them?

Ans. I see some handwriting on the tickler—I think M'r Menard's. I should say I did it, or he did it under my control. I see "18th September," but I don't know what it means.

Ques. Is there anything on the books, then, which shows the disposition of these notes?

Ans. No, sir.

Ques. When the first list was made out, and the notes placed in the envelope, they were handed, you say, to M'r Cavaroc, president of the bank?

Ans. I don't remember whether it was to him, or to his son.

Ques. In the bank?

Ans. Yes, sir; in the bank.

Ques. Was not the envelope immediately returned to you?

Ans. Not the same day, because it was in the bank and I had to wait many hours for M'r Cavaroc, j'r, to come with the key to get them.

242 Ques. Did you require any of the notes that day that were on that list?

Ans. I do not know.

Ques. Was there any occasion for them?

Ans. I do not know.

Ques. Look at the list and say if there was any occasion for looking at or handling those notes on the 18th or 19th of September, 1873.

Ans. I do not see anything.

Ques. Then it was not necessary for you to wait for M'r Cavaroc, j'r, to come with his key?

Ans. Well, I will explain myself: M'r. Cavaroc had several packages for several parties, Schuchardt and others, and I asked him for the total of these packages.

Ques. Did you have any occasion to ask him for these notes on either the 18th or 19th, or before they were returned to you?

Ans. No, sir; I do not remember that I had.

Ques. Was there any act of pledge of these notes; and written pledge?

Ans. Yes, sir, I think, but am not positive.

Ques. I am not asking you if they were pledged as collaterals, but were they pledged to Schuchardt & Sons by act?

Ans. I do not know; but I received instructions from the president of the bank. It was outside of my province to know.

Re-examination by M'r Fuselier:

243 Ques. You stated that, of the notes that were substituted in place of those which had been given to the clearing-house, some had been paid subsequent; did you not say so?

Ans. They may have been. I do not remember exactly whether they were or not. If I had my list here I could answer.

Ques. What became of that list?

Ans. I gave the list to Mr. Cavaroc—the final list. I have a copy of it for my own use—a private copy.

Ques. Have you brought it with you?

Ans. No, sir.

CH'S DEARMAS.

Subscribed and sworn before me March 19th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Adjourned to March 20th, 1875.

NEW ORLEANS, *March 20th*, 1875.

Present, F. Fuselier for defendants; J. D. Rouse & J. R. Beckwith for complainants.

Charles DeArmas recalled by defendants.

By M'r Fuselier:

Q. When we examined you on yesterday, you stated that certain securities, set apart in trust for Schuchardt & Sons, had been returned to the bank, and others substituted in their places.

Ans. Yes, sir.

Ques. And that you could not give the detail of those that had been substituted without your list to refresh your memory; now please tell us which securities were substituted.

Ans. Well, I do not know; but I know the substitutions that
244 were made. The last substitutions were made on the 18th October, 1873, at nine o'clock a. m. This is the final list of notes that I gave to Mr. Cavaroc.

Ques. Were you the note clerk of the bank on the 19th October?

Ans. On the 18th October I considered myself the note clerk, and acted as such until that time.

Ques. Please examine document marked "Exhibit A," annexed to the complainant's bill, and say whether or not it contains a list of all the securities that were in the hands of C. Cavaroc & Son, in trust for Schuchardt & Sons, at the time the bank closed.

Ans. Yes, sir; it is the same.

Ques. How do you come to know that?

Ans. Because I struck a balance of my books for my own account, which I have now in my possession.

Ques. On what date did you strike that balance?

Ans. On the 18th October, 1873.

Ques. When did the bank close and cease business?

Ans. I do not know; I think October 3d. I cannot answer.

Ques. Now, the list which you have just verified with the list annexed to complainant's bill, when did you make that?

Ans. I do not know when that was made.

Ques. Were any securities given to the clearing-house after the bank ceased to do business; after the 3d October, 1873?

Ans. No, sir.

Ques. You stated awhile ago that substitutions had been made in the securities placed in the envelope of Schuchardt & Sons about the 18th October, 1873; did you not state that?

245 Ans. I think not. The final list was given on the 18th October.

Ques. What do you mean by the final list?

Ans. That was the day I struck the balance. I had done with the books.

Ques. What was given on the 18th October; what constituted the list did you say?

Ans. Exhibit A.

Ques. That list was given on the 18th October?

Ans. I do not know that it was given on the 18th October, but that was the day I struck the balance. It was the final list.

Ques. What was given on the 18th October; what was actually given; what material thing was given?

Ans. The notes described in Exhibit A were given on the 18th.

Ques. What month?

Ans. October.

Ques. To whom?
Ans. To Cavaroc & Son.
Ques. Who by?
Ans. By me.
Ques. Where did you take that from?
Ans. They were in safe-keeping in my hands.
Ques. Who placed them in your safe-keeping?
Ans. Cavaroc & Son.
Ques. Then you delivered, on the 18th October, to Cavaroc & Son the notes which are mentioned in Exhibit A?
Ans. Yes, sir.
Ques. And which they had placed in your safe-keeping?
246 Ans. Yes, sir.
Ques. You stated yesterday that some of the notes which had been originally given to Cavaroc & Son for Schuchardt & Sons, on or about the 17th September, 1873, had been returned to the bank to be used, I believe, as security given by the bank to the clearing-house; did you not?
Ans. Yes, sir.
Ques. And you stated what notes had been withdrawn?
Ans. Yes, sir.
Ques. You stated at the same time that in place of these notes so withdrawn others had been substituted?
Ans. Yes, sir.
Ques. Can you state what other notes were substituted?
Ans. No, sir; I cannot tell you what notes were substituted.
Ques. But were notes of the same value, or the same amount or thereabouts, substituted for them?
Ans. Generally in the aggregate forming that amount.
Ques. Have you no way of knowing whether any portion of the notes annexed to the complainant's bill were the notes so substituted?
Ans. Yes, sir; all the notes were substituted except the note of Thomas Schorr for $750, P. S. Wiltz & Co. for $6,250, P. S. Wiltz & Co. for $6,250, John Williams & Son for $11,995.83, and L. A. Lyons & Bass for $3,289.82.
Ques. For what notes were those that you say were substituted notes; what notes were they substitutions for? Were the notes
247 mentioned in this Exhibit A annexed to complainant's bill, renewals of notes which had been matured after the 18th September?
Ans. I cannot answer that.
Ques. Were any of *them* substituted for notes which had been paid at the counter of the bank at or on the 18th of September?
Ans. I think not.
Ques. Then all substitutions that took place in this matter of Schuchardt & Sons, resulted from the taking of the notes from that envelope, for the purpose of giving them to the clearing-house?
Ans. Yes, sir.
Ques. How do you know that the notes, a list of which is given as Exhibit A in the complainant's bill, were those that were in the envelope when finally delivered by you to Cavaroc & Son?
Ans. Because I have a copy of the notes that I gave to Cavaroc & Son.
Ques. That is, you made a list of them?
Ans. Yes, sir.
Ques. What time did you make the list?
Ans. I do not remember.

Ques. Try and recollect well, whether it was on the 18th of October, 1873, that you delivered the package containing the securities which had been left in your custody by Cavaroc & Son, and state whether that was the 18th October, or whether that was the day on which you made the balance-sheet.

Ans. Which balance-sheet?

Ques. The balance-sheet you referred to a short while ago.

248 Ans. Well, I do not know whether it was the list I made, but it was the notes I had in my possession for Cavaroc & Son for safe-keeping.

Ques. Do you know whether the notes which were placed in the envelope, in substitution for those that had been withdrawn for the benefit of the clearing-house, were placed in the envelope at the same time that the others had been withdrawn?

Ans. No, sir; not at the same time.

Ques. How long after?

Ans. Well, it may be one or two days after.

Ques. You kept a memorandum of it?

Ans. Yes, sir.

Ques. And made the substitution one or two days afterwards sometimes?

Ans. Yes, sir; I may have done it longer; perhaps every Saturday I may have done it.

Ques. Have you any way of knowing when the notes were withdrawn for the benefit of the clearing-house?

Ans. Yes, sir.

Ques. When was it?

Ans. On the 29th September, 1873.

Cross-examined by Mr. Rouse for complainant:

Ques. You arrive at the date, 29th September, that these notes were transferred to the clearing-house, because they were on the third list which you made for the clearing-house?

Ans. Yes, sir.

Ques. You made a list each day for the clearing-house from the time its operations commenced?

Ans. Yes, sir.

249 Ques. When did the operations begin with the clearing-house?

Ans. September 26th; the 29th was my third list.

Ques. When did M'r Case come to examine the condition of the bank?

Ans. I cannot tell.

Ques. Was it not on or about the 18th or 19th of October, 1873?

Ans. It was after that, I think; I do not remember.

Ques. Did you show this envelope to him at the time of the examination?

Ans. No, sir; it was given before M'r Case came.

Ques. How long before?

Ans. Two or three days.

Ques. Did not some of these notes mature prior to the time that the receiver took possession of the bank?

Ans. Yes, sir; some.

Ques. Did you have them in your possession for the purpose of collection at that time?

Ans. Yes, sir.

Ques. Will you examine your tickler, and state from that, or any other memorandum that you made on the books of the bank, when the three notes of E. F. Mioton for $5,000 each were acquired by the bank?

Ans. They were acquired on the 3rd of October.

Ques. When was the note of Joseph Dreyfus for $1,825.70 acquired by the bank?

Ans. On October first.

Ques. When did the bank acquire the note of G. A. Lanaux for $1,200?

Ans. On October first.

250 Ques. When did the bank acquire the note of A. Le Breton for $4,000?

Ans. On the 30th September.

Re-examined by M'r Fuselier:

Ques. Where do you get your information about how the bank acquired the notes that you have just referred to?

Ans. From the books of the bank.

Ques. Who kept that book?

Ans. I did.

Ques. Explain about those notes.

Ans. The note of A. LeBreton was standing on the book for about three years. It was renewed every thirty, sixty, or ninety days. M'r Mioton's notes were the same. That is all I can say; they were acquired by the bank.

Ques. Mioton's and LeBreton's notes were given in renewal of notes which had been standing in the bank for some time?

Ans. Yes, sir; the notes were paid and other notes given in substitution.

Ques. Was not the Dreyfus note the same as the other two notes?

Ans. Yes, sir.

By M'r Rouse:

Ques. Was the note of Lanaux for $1,200 a renewal?

Ans. Yes, sir; it was the renewal of a note of $1,500 reduced to $1,200.

Ques. Did he pay his note of $1,500 on the 1st October?

Ans. Yes, sir.

251 Ques. And afterwards obtained this discount of $1,200?

Ans. Yes, sir.

Ques. Is not that the same case as with LeBreton?

Ans. Yes, sir.

Ques. Did LeBreton pay his note on the 30th September and afterwards obtain another discount?

Ans. Yes, sir; he obtained a renewal of the note immediately.

Ques. Were the notes of E. F. Mioton, of which you say there are three, ever transferred to the Schuchardt envelope?

Ans. I think not.

CHARLES DEARMAS.

Subscribed and sworn before me, March 20, 1875.

F. A. WOOLFLEY,
Special Examiner.

See continuation noted after C. Cavanoc, j'r. Testimony, p. .

NEW ORLEANS, *March 31st*, 1875.

Present: F. Fuselier, for defendants.
" J. D. Rouse & J. R. Beckwith, for complainant.

Charles DeArmas recalled by defendants.

By Mr. Fuselier:

Ques. While you were the note-clerk of the New Orleans National

Banking Association, what was the course of proceedings when one owing a note to that bank renewed it?

Ans. It was to pay his note and substitute another one.

Ques. How was the transaction borne on the books of the bank?

Ans. It was marked on the book as regularly paid.

252 Ques. What was marked on the book as regularly paid?

Ans. The note; and then a new discount was given.

Ques. And he was credited with the proceeds of the discount?

Ans. Yes, sir.

Ques. Then in every case where one owed a note and renewed it, the prior note due was cancelled and borne as paid on the books of the bank?

Ans. Yes, sir.

Ques. In the case at the bar, you have referred to the books of the bank and shown that several notes which had been pledged to Schuchardt & Sons had been paid, among others the note of Dreyfus for $1,825.70, the note of G. A. Lanaux for $1,200, and the note of A. LeBreton for $4,000; were not these notes paid by renewals?

Ans. Yes, sir; they were paid by renewals.

Ques. Were the notes which were thus renewed a part of the notes which were pledged to Schuchardt & Sons?

Ans. I think so; yes, sir.

Ques. I mean the renewed notes?

Ans. Yes, sir.

Ques. What about the three notes of Mioton for $5,000 each?

Ans. They were renewals of demand notes.

Ques. Also pledged to Schuchardt & Sons?

Ans. Yes, sir.

Cross-examined by Mr. Beckwith:

Ques. Do you make this statement relative to the notes you have been interrogated about from your own positive recollection or from examination of the books?

253 Ans. From an examination of the books.

Ques. Have you any distinct recollection of each of these transactions, aside from the knowledge you got from the books?

Ans. If they were the same names that I mentioned in my last testimony they are.

Ques. But I do not ask you if you had any recollection at the past time, but have you any recollection now?

Ans. I do remember.

Ques. Which one?

Ans. Lanaux, Dreyfus, and Mioton. I don't remember the rest.

Ques. Who filled up the blanks of the notes for you to sign?

Ans. They themselves; but sometimes I did.

Ques. Were the blanks furnished by the bank?

Ans. Yes, sir; sometimes we used to have blanks.

Ques. What means have you of knowing that, at any time prior to within two or three days of the close of the bank, either of these notes which you have mentioned in your testimony given to-day were any of the notes which you say were matured and taken up, and these notes that were pledged to Schuchardt & Sons substituted?

Ans. Because I made the list myself.

Ques. What was the description of the paper, for instance, in the case of Lanaux, that matured and was renewed?

Ans. I could not tell you now; it is impossible for me to tell you.

Ques. What was the amount of it?
Ans. I could not tell you.
Ques. Who was the endorser on it?
254 I cannot tell you.
Ques. Did it have any endorser?
Ans. I cannot tell you.
Ques. In the case of Dryfus, what was the date of that note?
Ans. I don't remember.
Ques. I mean the note that was retired?
Ans. I don't remember.
Ques. What was the amount?
Ans. I don't remember.
Ques. Do you know whether it was the same amount as the one you claim to have renewed?
Ans. I don't know—less the discount.
Ques. Who endorsed the original note?
Ans. I could not tell you.
Ques. Who endorsed the renewal?
Ans. I could not tell you.
Ques. Have you any recollection of it?
Ans. I don't know.
Ques. The note of A. LeBreton; what was the size of the original note there?
Ans. My memory does not serve me there, but it was in the bank three or four years.
Ques. It was not good paper?
Ans. No, sir.
Ques. Who was the endorser on DeBreton's note?
Ans. There was an endorser on it I think, but I do not remember it; there was collateral.
Ques. Who was the endorser?
Ans. I don't remember.
Ques. Do you remember any collateral or endorser on the LeBreton note?
255 Ans. I don't know.
Ques. Did you originally select the notes to be set aside for Schuchardt & Sons?
Ans. I did, one list.
Ques. Did you put this LeBreton note in that list?
Ans. Yes, sir.
Ques. Did you not know it was not good for anything?
Ans. I did not mention that it was not good; but the securities were there.
Ques. What were the securities?
Ans. I don't remember because my memory does not serve me; they may be Slaughter-House or Barbarin Gas Light stock, or such.
Ques. When you put aside this note of LeBreton in the Schuchardt & Sons' list you put the collaterals with it?
Ans. Yes, sir.
Ques. Did you make a list of the collaterals?
Ans. No, sir.
Ques. Did you ever see the collaterals?
Ans. Yes, sir.
Ques. Were they attached to the note?
Ans. Yes, sir.
Ques. Were they attached to the renewal?

Ans. Yes, sir.
Ques. Who attached them?
Ans. I did.
Ques. And you have no remembrance of what they were?
Ans. No, sir.
Ques. You don't know much about it?
256 Ans. Yes, sir; I remember very well the transaction, but I do not about the collaterals, whether it was Barbarin Gas Light stock or Slaughter-House.
Ques. Was Barbarin Gas Light stock any security?
Ans. I don't know. I was nothing but a tool there; they were given to me, and I put them in.
Ques. You seemed to be more than a tool when you were given the duty of selecting the paper for Schuchardt & Sons.
A. You are mistaken in that.
Ques. Did you not originally testify that you made this list?
Ans. Yes, sir.
Ques. You used your discretion as an officer of the bank?
Ans. I received my instructions from the president.
Ques. Did he instruct you what notes to take?
Ans. Yes, sir; he told me to take so much from the portfolio and I did.
Ques. Did he tell you to take out suspended paper?
Ans. No, sir.
Ques. Did he tell you to take out protested paper?
Ans. No, sir.
Ques. Did you take all the worthless paper you could find and put it in?
Ans. No, sir.
Ques. What value did you suppose would be added to the LeBreton note by ten dray-loads of certificates of Barbarin Gas Light stock?
Ans. As far as morality was concerned, I think it was good, but as collateral I do not know what it was worth.
Ques. Now, as to the Mioton notes; what was the original retired notes in amount?
257 Ans. There were, so far as my memory serves me, some mortgage notes.
Ques. Were they discounted by the bank?
Ans. Yes, sir.
Ques. Was there any endorser on them?
Ans. No, sir; I think it was a notarial act.
Ques. Did they renew the notarial act?
Ans. I cannot tell you.
Ques. How does the bank go to work to renew notes secured by notarial act?
Ans. The act was made by the notary, and made again before him.
Ques. He made a new mortgage?
Ans. I don't know whether there was any act made first.
Ques. I am asking you about the retired Mioton notes; you tell me that you think they were mortgage notes; now, I ask you how the bank renews a mortgage note?
Ans. By going to the notary, I expect, and making a new mortgage.
Ques. Suppose ten mortgages had been made between the securing of the first note and the mortgage so made to renew them, and they had been recorded, would you consider that a good business transaction?
Ans. I don't understand you. As to the Mioton notes, I don't know when they were renewed. He had a demand note at the bank, which was secured by a mortgage note; he had furnished mortgage notes.

Ques. For what?
Ans. To be discounted by the bank.
Ques. Were these mortgage notes the first you set aside for F. Schuchardt & Sons?
258 Ans. No, sir; I think he had another note a few days before the suspension of the bank.
Ques. You don't know much about it?
Ans. No, sir; I don't remember.
Ques. Do you know there was any renewal of the LeBreton note?
Ans. Yes, sir.
Ques. And you know the original note was given up?
Ans. Yes, sir; they paid over these notes; his note, I think, was renewed for two or three years.

By M'r Fuselier:

Ques. Paper which is renewed you do not call suspense paper?
Ans. No, sir; it is considered as good.
Ques. It is only when it is past due?
Ans. Only when it is protested and past due it is not.

CHA'S DEARMAS.

Subscribed and sworn before me March 31st, 1875.

F. A. WOOLFLEY,
Special Examiner.

NEW ORLEANS, *March 19th*, 1875.

Present: F. Fuselier, for defendants.
" J. D. Rouse & J. R. Beckwith, for complainants.

CHARLES CAVAROC, s'r, a witness produced and sworn on behalf of defendants, deposes and says:

By M'r Fuselier:

Ques. You are a member of the firm of C. Cavaroc & Son of this city?
A. Yes, sir.
259 Ques. Who was president of the New Orleans National Banking Association?
Ans. I was.
Ques. Did you or not, in the month of September, 1873, have any transaction with F. Schuchardt & Sons, of New York, in relation to certain drafts?
Ans. Yes, sir.
Ques. What was that transaction?
Ans. The bank drew on Schuchardt & Sons two hundred and fifty thousand (250,000) francs against a pledge of notes secured in the hands of C. Cavaroc & Son for the payment of these two hundred and fifty thousand francs.
Ques. On whom were these drafts drawn?
Ans. On Seignouret Frères, Bordeaux.
Ques. Can you by any means fix the date on which the drafts were drawn?
Ans. It was on the 17th or 18th September.
Ques. Were or not any notes and securities given in pledge to secure these drafts?
Ans. Yes, sir.
Ques. What time?

Ans. One day after. I think it was the 18th or 19th.

Ques. What was done with these notes and securities?

Ans. The notes were given to me by M'r DeArmas, the note clerk, and I gave them to M'r Blache to be kept in his box, not as cash of the bank, but he had a good safe and he put them in.

Ques. Look at Exhibit B annexed to your affidavit in this case and state whether it contains a list of the notes and securities which were given on that occasion.

260 Ans. Yes, sir; it is the list.

(Defendants offer in evidence Exhibit B, as annexed to the affidavit filed 21st February, 1874.)

Ques. Do you know whether or not Schuchardt & Sons were advised by the bank of the drafts made upon them on that occasion, and of setting apart securities to secure them?

Ans. Yes, sir.

Ques. Who by?

Ans. By M'r Blache or myself as president of the bank; but copies of these letters must be on the letter-book.

Ques. What was M'r Blache?

Ans. The cashier of the bank.

Ques. Did you not yourself individually, or as a member of the firm of C. Cavaroc & Son, also advise Schuchardt & Sons?

Ans. Yes, sir.

Ques. Look at Exhibit D, also annexed to your affidavit in this case, and say whether or not it is a copy of your letter of advice to Schuchardt & Sons.

Ans. Yes, sir.

(Complainant objects, because the original is the best evidence, and should be, if sent, in the hands of defendants.)

Ques. Did you make an impression copy of that letter?

Ans. Yes, sir.

Ques. Have you got it still?

Ans. Yes, sir.

Ques. Did you mail the letter?

Ans. Yes, sir.

261 Defendants offer in evidence Exhibit D, annexed to the affidavit of C. Carvaroc in this case, which is objected to, as the original is the best evidence.

Ques. After these notes and securities were delivered to you by Mr. DeArmas, the note-clerk of the bank, in trust for Schuchardt & Sons, what did you do with them; what became of them after that?

Ans. I took them back from M'r Blanche and put them in my own bank-box.

Ques. How long did they remain in your own bank-box?

Ans. Until I gave them to the receiver appointed in this case.

Ques. The notes and securities that you delivered to the receiver in this case, were they all the original notes and securities that you had received on or about the 17th September?

Ans. No, sir.

Ques. Were they in part or in whole other notes?

Ans. They were in part; a portion of them were new notes.

Ques. How comes it that there were other notes than the original notes?

Ans. Because some were taken out of the envelope and returned to the bank. A note of M'r Lastrapes, and a note of Smith & Goldsmith for $25,000, and a note of Levi & Haas.

Ques. By whose order were they so taken out and delivered to the bank?

Ans. By my order.

Ques. In what capacity?

Ans. As president of the bank.

262 Ques. Do you remember what was the purpose of making that transfer?

Ans. Yes, sir; it was to give to the clearing-house these notes. They were put in the hands of Mr. Jonas, as president of the clearing-house.

Ques. Then, after that, did you remain without any securities in your hands for Schuchardt & Sons?

Ans. No, sir. The same day that I gave these notes to the clearing-house I took some other notes, which I put into the envelope.

Ques. Do you remember whether or not any of the notes in your hands, or the securities of Schuchardt & Sons, were collected by the bank?

Ans. I do not remember.

Ques. Look at Exhibit A, annexed to the bill of complaint in this case, and say whether or not it contains a list of all the notes and securities which your firm had in its hands in trust for Schuchardt & Sons at the time of the close of the bank?

Ans. Yes, sir.

Ques. Does that include both the original and substituted notes?

Ans. Yes, sir.

Ques. Do you remember how the bank came to make these drafts for two hundred and fifty thousand francs on Seignouret Frères, for which these bills and notes were given as security?

Ans. It was by special contract, made by my son when he was in New York, with Schuchardt & Sons.

Ques. How did you get informed of that contract?

Ans. When my son came back I was advised of the fact by him.

263 Ques. Did that contract contemplate or not the deposit of securities?

(Complainant objects because the witness's knowledge of that contract is hearsay.

Cross-examined by M'r Rouse for complainant:

Ques. Do you know on what date the note of Smith & Goldsmith was transferred to the clearing-house?

Ans. I do not remember.

Ques. How long after it was placed in the envelope?

Ans. I cannot tell you. It was during the suspension of all the banks when the clearing-house was formed, in the latter part of September.

Ques. And the notes of Lastrapes and Levi & Haas?

Ans. I could not tell you.

Ques. That was done after the suspension of the bank?

Ans. No, sir; the day the bank suspended we had done with the clearing-house.

Ques. I mean the suspension of all the banks?

Ans. Yes, sir; it was after the day all the banks suspended. Then we came to have an agreement that the bank should furnish collaterals to the clearing-house.

Ques. When you made the deposit of collaterals with the clearing-house committee did you get any vouchers relating to the certificates?

Ans. No, sir.

Ques. Did you get any statement of the amount on the receipt of the notes?

Ans. No, sir; I do not think .

264 Ques. Were not these notes taken out of the bank after the suspension, and after the committee had gone to Washington?

Ans. No, sir.

Ques. When were they first removed from the bank?

Ans. On the 18th or 19th September, the day after the drafts were drawn.

Ques. I am asking you when they were removed from the bank, not when they were put in the envelope. Were they not taken out of the bank and removed to your house after the failure of the bank?

Ans. No, sir.

Ques. When were they so removed?

Ans. They were given by me to Mr. Blache, the cashier, and he had them in the safe; afterwards they were put in my bank-box.

Ques. How long afterwards was it; before or after the failure of the bank?

Ans. Before the failure.

Ques. How long before; on the same day?

Ans. No, sir; before the failure of the bank.

Ques. On the day preceding?

Ans. No, sir; it must have been many days before.

Ques. And after they were so handed over to you finally there were no changes or substitutions made, were there? After they were removed from the bank?

Ans. No, sir.

Ques. You say they were removed several days before the failure?

Ans. Yes, sir.

Ques. Your office was at that time within half a block of the bank?

Ans. Yes, sir.

265 Ques. And you had a large burglar-proof safe in your office?

Ans. Yes, sir.

Ques. Where such matters would have been safe?

Ans. No, sir.

Ques. Where did you keep them after they were removed?

Ans. In my bank-box in the bank.

Ques. Where were they at the time you turned them over to the receiver in this case?

Ans. In my bank-box.

Ques. Where was that?

Ans. It was not in the bank, because the bank had closed, but I think it was in the Bank of America.

Ques. You made a report, did you not, to the Controller of the Currency, which was sent forward, with the cashier and the committee sent to Washington, after the failure of the bank?

Ans. Yes, sir.

Ques. You made it in your official capacity as president of the bank?

Ans. Yes, sir.

Ques. Did you report to the Controller that these notes had been transferred to Sch'chardt & Sons?

Ans. No, sir. I do not think these notes were put in the statement, and so far as my memory serves me, when the bank failed, I refused to take any step showing the condition of the bank. I left the matter entirely with Mr Blache and the directors.

Ques. What portion of the portfolio of the bank was in the bank at the time of the failure?

266 Ans. It was a small portion, because a great amount of the

notes were for the account of the Crédit Mobilier and Schuchardt & Sons.

Ques. Did you not set aside, or pretend to pledge to various parties, all of the active portion of the portfolio? Have you not since so testified?

Ans. Yes, sir; for the parties who had a pledge with the bank.

Ques. Did you report that fact to the Controller of the Currency?

Ans. No, sir; not to my knowledge.

Ques. Look at this exhibit, Willoz 1, introduced in connection with the evidence of M'r Blache in this case, and state whether that is the report which you made to the Controller of the Currency after the failure of the bank.

Ans. It is.

Ques. The whole resources of the bank. State whether the entire portfolio of the bank, including all that which has been pretended to be pledged, is not there reported as being still the property of the bank.

Ans. That statement was made by M'r Blache and the book-keeper, and I signed it, believing it was correct, but I did not make the statement myself. This exhibit, Willoz 1, contains the whole amount of the portfolio.

Ques. The whole amount of the portfolio was entered upon that statement which you presented to the Controller as the assets of the bank on that date?

Ans. Yes, sir; but the reason was, the note-clerk did not make a separate entry, putting these notes to the different accounts, as Crédit Mobilier, Schuchardt & Sons.

267 Ques. Was there any act of pledge for this paper in favor of Schuchardt & Sons?

Ans. The letters of the cashier to Schuchardt & Sons.

Ques. There was no formal pledge to them by you?

Ans. No, sir; I do not remember, but I do not think there was.

Ques. When M'r Blache returned from Washington you asked him to endorse these notes, did you not?

Ans. I do not remember.

Ques. Did they not remain there either payable to the New Orleans Banking Association or order, and that after his return from Washington they were endorsed by him at your request?

Ans. I do not remember that.

Ques. Did you ever endorse them yourself?

Ans. I do not remember. If these are facts, they are so.

Re-examined by M'r Fusilier for defendants:

Ques. Look at that statement marked "Willoz 1;" you have stated that the notes given in trust for Schuchardt & Sons were part of the assets of the bank as bought on this statement?

Ans. Yes, sir.

Ques. Was or not the indebtedness of the bank to Schuchardt & Sons, borne on that statement Willoz 1 as a debt of the bank, included in the statement on the creditor side?

Ans. Yes, sir.

Ques. Then the indebtedness for which the securities were given in trust was given in the same statement of the bank?

Ans. Yes, sir.

268 Recross-examined by M'r Rouse:

Ques. Were not Schuchardt & Sons secured for their advances

to the New Orleans National Banking Association by a deposit of bonds of the city of New Orleans?

Ans. These we always contend were not, but M'r Schuchardt says they were.

Ques. Did they not have in their possession a large number of what is called "Consolidated bonds of the city of New Orleans which they claim were held by them as security for the overdrafts of the New Orleans National Banking Association?

Ans. Yes, sir, which they claim; but the bonds did not belong to the bank.

Ques. Whom did the bonds belong to?

Ans. To us—C. Cavaroc & Son.

Ques. But Schuchardt & Sons were in possession, at the time that this account was given, of these bonds?

Ans. Yes, sir.

Ques. And they claim that they held them as security for these bills?

Ans. Yes, sir; not for these bills particularly, but for all bills drawn against them.

Ques. By reason of the deposit of these bonds, did they not permit the bank to overdraw its account to the extent of $100,000.

Ans. Formerly, but not since the claim was made to my son.

Ques. They still retained your bonds, however, and honored your drafts?

Ans. Yes, sir.

Ques. And since then they claim that it is security?

269 Ans. Yes, sir; but those two hundred and fifty thousand francs were drawn on a special contract that securities would be given by notes pledged in our hands.

Ques. What became of these drafts drawn by the bank on Seignouret Frères?

Ans. They are in the hands of Schuchardt & Sons, because Seignouret Frères did not pay these drafts, and Schuchardt & Sons had to pay them.

Ques. Do you know of your own knowledge that they had been negotiated by Schuchardt & Sons?

Ans. No, sir.

Ques. Were they not sent forward by them for acceptance?

Ans. I do not know, because generally he sold his own drafts in New York and sent those on Seignouret Frères for collection.

Ques. That was the manner?

Ans. Yes, sir.

Ques. Did he not in this instance sell his own drafts instead of the drafts of the bank?

Ans. I do not know; I am sure the drafts are in the hands of M'r Schuchardt now.

By M'r Fuselier:

Ques. How do you know these drafts are in their hands?

Ans. Because they have not suspended; and they were bound to take up these drafts.

Ques. Was it not only after the close of the bank that Schuchardt & Sons commenced pretending that the bonds of your firm in their hands were pledged for the indebtedness of the bank?

Ans. Yes, sir.

270 Ques. Had they made any claim of that kind before?

Ans. No, sir.

Ques. Or within the last three or four or six months preceding?
Ans. No, sir.

C. CAVAROC.

Subscribed and sworn before me March 19th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Adjourned to March 20th, 1875.

NEW ORLEANS, *March 20th*, 1875.

Present: F. Fuselier for defendants; J. D. Rouse and J. R. Beckwith for complainant.

CHARLES CAVAROC, J'r, a witness produced and sworn on behalf of defendants, deposes and says.

By M'r Fuselier:

Ques. Are you a member of the firm of C. Cavaroc & Son, of this city?
Ans. Yes, sir.
Ques. Were you so in September and October, 1873?
Ans. Yes, sir.
Ques. This is a suit in which the complainant claims against certain securities of the New Orleans National Banking Association, which were found in your hands at the close of the business of the bank, and which have been represented as having been placed in your hands as security for Schuchardt & Sons, of New York. What do you know about the transaction under which these claims were placed in your hands—C. Cavaroc & Son?

271 Ans. When I was in New York, about the 30th August, 1873, as I was coming back from Europe, I met M'r Lawrence Wells, of the firm of Schuchardt & Sons, and he told me that he would authorize the bank to furnish, or to send some drafts to them under certain restrictions, these restrictions being written on paper, (I have the original in my possession,) that is if the banking association was sending any drafts on Seignouret Frères, or different firms, that collaterals should be placed in the hands of C. Cavaroc & Son.

Ques. What did you have to do with any negotiation with Schuchardt and Sons in relation to the bank?
Ans. I was authorized by a special authorization from the president on different occasions to transact as agent of the bank.
Ques. Transact what?
Ans. Transact any business that could be of advantage to the bank, provided it was approved by the insitution, the president or the cashier.
Ques. Then you were acting on that authorization when you spoke to M'r Wells, of the firm of Schuchardt & Sons?
Ans. Yes, sir; I was acting as the agent of the bank.
Ques. When was that authority given to you?
Ans. Perhaps in fifteen or twenty instances.
Ques. But what time?
Ans. I could not state precisely; I acted as agent of the bank; but about this transaction I cannot state precisely. It was when I was leaving for Europe about the middle part of May, 1873.
Ques. Did you call on Schuchardt & Sons to make that negotiation or did you make it yourself on meeting M'r Wells?

272 Ans. I called on M'r Wells to pay him a visit simply, he being the correspondent of our firm, and at the same time doing busi-

ness for the bank; and he spoke to me as the agent of the bank with reference to this matter, giving me certain orders under certain restrictions, under which he would give me authority.

Ques. Where were the restrictions and orders given in relation to that matter, what was the agreement made, what was to be done by the bank, and what to be done by Schuchardt & Sons about this transaction?

Ans. Schuchardt & Sons consented to receive the drafts of the bank on Marseilles, Havre, and Bordeaux, on the express condition that securities should be deposited with C. Cavaroc & Son until the acceptance or payment of the drafts, and that then they would authorize us to give up the securities; but at the same time it was expressly understood that Cavaroc & Son, as the trustees of these securities, would have the right to change them, so as not to injure the bank; if they were maturing to exchange them for other securities.

Ques. That was positively agreed upon?

Ans. Yes, sir; it was agreed upon by me, and it was ratified by the operation of the bank.

Ques. When that agreement was made between you and Mr Wells, representing Schuchardt & Sons, was there any memorandum made then so as to preserve evidence of what was agreed upon?

Ans. Yes, sir.

Ques. By whom?

Ans. By Mr Wells.

Ques. Did he do that in your presence?

Ans. It is in my possession—I have got it in my possession.

273 Ques. Did you bring it here to this city?

Ans. Yes, sir.

Ques. Have you got it now?

Ans. Yes, sir.

Ques. Please exhibit it?

Ans. There it is. (Witness produces the paper.)

Ques. In whose handwriting is it?

Ans. Mr Lawrence Wells, a member of the firm of Schuchardt & Sons.

(Defendants offer in evidence Exhibit Cavaroc G, written in French; the examiner to have it translated and to certify a copy to the court, to be filed in lieu of the original.

Complainant objects to its introduction in evidence, as it is not signed by any party, and bears none of the elements of a contract.)

Ques. When did you return to New Orleans from that voyage on which you sojourned at New York and made this agreement?

Ans. I can tell you by referring to what I wrote. It was on the 3d September, 1873.

Ques. Did you, on your return, make a report to the president or the directors of the bank, or to both, of the agreement that had been made by you with Schuchardt & Sons?

Ans. Yes, sir; with Schuchardt & Sons, and of all I had done during my voyage, and I received a letter later, from the board of directors, of thanks for all I had done during my absence and compensation for my expenses.

274 Ques. Were you present at the time that the securities involved in this suit were set apart for the benefit of Schuchardt & Sons?

Ans. No, sir; but I had these securities in my possession on the 19th September, 1873, when I wrote this letter.

Ques. What letter did you write?

Ans. The letter of the 19th September.

(Defendants offer in evidence the letter marked "Cavaroc H," the examiner to certify a copy to the court to be filed in lieu of the original. The objection to the introduction of this letter which was made at the time a copy thereof was introduced in connection with the testimony of C. Cavaroc, s'r, is here repeated by the complainant.)

Ques. This letter that you produce now, is it the original or an impression copy?

Ans. It is an impression copy of the original; it must be identical.

Ques, Where do you take it from?

Ans. From my current letter-book.

Ques. Were these securities that you refer to loose, or were they in an envelope or package?

Ans. In an envelope.

Ques. Would you recognize the envelope, Exhibit B, annexed to your affidavit in this case and say whether it is not the envelope in which they were contained?

Ans. Yes, sir; the writing on it was written by me. "In trust for F. Schuchardt & Sons, to secure 250,000 francs, S. F., i. e., (Seignouret Frères,) drawn on the 17th September, 1873." I mean to secure 250,000 francs, drawn on Seignouret Frères; that is all I wrote.

275 Ques. After the 17th September, 1873, what became of that envelope and the securities contained in it?

Ans. They were closed in the box of C. Cavaroc & Son, and from time to time remitted to the president of the bank for exchange of securities. But if my memory serves me aright, that happened only once or twice.

Ques. Did all these securities remain in your hands as trustee?

Ans. Yes, sir.

Ques. All that you say you had on the 19th September?

Ans. Yes, sir; they remained in our hands.

Ques. Until what time?

Ans. Until we remitted them to the receiver.

Ques. All these mentioned in your letter of the 19th September?

Ans. No, sir; but the majority were the original notes mentioned in my letter of 19th September.

Ques. How came you to part possession with some of the securities and not others?

Ans. By the same authority that I had to part with the securities from Schuchardt & Sons. I took out two or three of them and put others in lieu.

Ques. How was that done; under what circumstances and for what purpose?

Ans. I do not remember now.

Ques. Do you not know why a note was taken out and another put in its place; one note of Lastraps was taken out, for what?

Ans. I do not know; my memory does not serve me. I do not remember. I think these notes served to go to the clearing-house to
276 help the bank, and we took other securities in their places, but I cannot remember. As to what I did I can remember, but what was done by others I cannot.

Ques. When were these securities removed from the bank entirely?

Ans. I suppose two or three days after the suspension of the bank. We took out our bank-box to put it into another bank.

Ques. Did you have the securities involved in this case in your box before the close of the bank?

Ans. Yes, sir.

Ques. Does or not the list marked "Exhibit A," annexed to the complainant's bill, which I show you now, contain a list of all the securities that you got in trust for F. Schuchardt & Sons, in the manner you explained in your testimony?

Ans. Yes, sir.

Ques. Were all those contained in the envelope that you referred to at the time that the bank closed?

Ans. Yes, sir.

Cross-examined by M'r Rouse for complainants:

Ques. How long before the failure of the bank did you see that envelope and its contents?

Ans. I do not understand you; because I saw it every day whilst I was opening my bank box and closing it.

Ques. Was it in your box every day from the 18th September, 1873, until you removed the box from the bank?

Ans. I cannot say every day, because my father had a key and I had a key.

277 Ques. Did you see it every day that you went to the box?

Ans. I cannot say that I saw it every day.

Ques. Can you say you saw it every day that you went to the box?

Ans. Generally, when I went to the box.

Ques. You saw the envelope there; did you open the envelope each time, to see what it contained?

Ans. No, sir; not always.

Ques. Did you on any occasion open the envelope?

Ans. Yes, sir.

Ques. On what occasion did you open it?

Ans. To make an exchange of notes with M'r DeArmas, the note clerk?

Ques. DeArmas, then, did not have custody of the envelope?

Ans. I do not think he did.

Ques. Was there more than one exchange of the notes?

Ans. I cannot tell you. I do not remember; very few.

Ques. Was there an exchange of notes made on more than one occasion?

Ans. I do not remember.

Ques. What notes that were originally in the envelope were taken out and returned to the bank. Give the names of the makers.

Ans. It would take me to have the list that I gave to the receiver and our book.

Ques. Look at your list which you sent to Schuchardt & Sons, and see if you can remember what notes contained in that list were taken out by you and delivered to the bank.

278 Ans. I cannot tell you; I have the note of Smith & Goldsmith, but the others I cannot remember because I did not give that to the receiver.

Ques. Do you remember when the note of Smith & Goldsmith was delivered to the bank?

Ans. I do not remember.

Ques. Do you remember what notes were substituted for the notes of Smith & Goldsmith?

Ans. No, sir.

Ques. At the time of the delivery of the note of Smith & Goldsmith

to the bank, were other notes handed to you simultaneously and substituted therefor?

Ans. I do not remember the details as much as that.

Ques. If you remember that notes were handed to you by the bank, and swear that substitutions were made, can you not remember whether the transaction was once or whether it occurred on different occasions?

Ans. I do not remember.

Ques. Then you do not remember whether the note of Smish & Goldsmith was handed to the bank several days before any other notes were placed in the envelope in lieu thereof?

Ans. I do not remember all these details. I know the facts in general, but not the details?

Ques. Did you have occasion to examine your box almost daily?

Ans. No, sir; not every day.

Ques. How often?

Ans. I cannot tell you; I do not remember.

Ques. Your memory does not seem to be very good?

Ans. Not as to all these details. I never paid attention to all these details.

279 Ques. You say you were the authorized agent of the bank to make this authorization with Schuchardt & Sons; was that authorization in writing?

Ans. No, sir; not specially for that transaction.

Ques. Had you any authority in writing for any transaction made with banks and bankers on behalf of the New Orleans National Banking Association?

Ans. Yes, sir; I did have.

Ques. Where is that written authority?

Ans. I have it at home.

Ques. Will you produce it?

Ans. If I can find it.

Ques. From whom did you receive such written authority?

Ans. A general authority was from the president verbally, but generally when I went to New York I had letters authorizing me.

Ques. From whom were the letters—from the president alone?

Ans. I think it was.

Ques. Who authorized you to make this transaction with Schuchardt & Sons that you speak of—the president verbally?

Ans. Yes, sir; when I left he authorized me.

Ques. You say that you had these securities in your possession on the 19th September; do you mean to say that you took them out of the bank?

Ans. No, sir.

Ques. You say you had them in your possession on the 19th September; do you mean at the time you wrote that letter you had the securities in your possession or not?

280 Ans. The box always remained in the bank, but I cannot remember what was done with it.

Ques. How did it happen that this envelope, with the securities, was handed to you instead of your father?

Ans. Well, my father might have handed them to me, but they were in my possession when I made this list.

Ques. Did they send to you from the bank to come there?

Ans. No, sir; but paid visits to me after.

Ques. Your father was a member of your firm?

Ans. Yes, sir.

Ques. Might he not as well have received these securities?

Ans. Well, I cannot say precisely if he did receive them from the note clerk and handed them to me.

Ques. But you do not know whether you received them from M'r Cavaroc himself, your father?

Ans. I received them in the bank when I wrote this letter.

Ques. Did you mail that letter which you say was addressed to Schuchardt & Sons on the 19th?

Ans. I cannot say whether I brought it to the post-office myself.

Ques. Then you cannot state what notes were substituted for that of Smith & Goldsmith, or any other note, nor when such substitutions were made?

Ans. No, sir; unless I can compare the document I cannot remember.

Ques. And you cannot remember when such substitutions were made.

Ans. No, sir; at the time I attached such little importance to it as I had authority to substitue.

281 Ques. Have you any distinct recollection of such substitutions being made in your presence?

Ans. I cannot remember exactly. It seems to me it has been done, but I would not swear to it.

Re-examined by M'r Fuselier for defendants:

Ques. Were any substitutions made after the 4th of October, 1873?

Ans. No, sir; none. At the time that the bank suspended I then took great interest in it, because I knew it might have trouble or difficulties, or turn documents into other hands. Then I took great care of their paper, but up to that time I had authority from Schuchardt & Sons to change these securities, and knew that when securities were given substitutions were made. That was the agreement or understanding.

C. CAVAROC, J'R.

Subscribed and sworn before me, March 20th, 1875.

F. A. WOOLFLEY,
Special Examiner.

Adjourned to March 31st, 1875.

NEW ORLEANS, *March 31st*, 1875.

Present, F. Fuselier for defendants, J. D. Rouse & J. R. Beckwith for complainant.

CHARLES DE RUYTER, a witness produced and sworn on behalf of defendants, deposes and says:

By M'r Fuselier:

Ques. Here are five bills of exchange with protests attached, each for fifty thousand francs, drawn by Henry Blache, cashier, on Seignouret Frères, of Bordeaux. Please state where these bills came from.

282 Ans. I received these two or three days ago from New York, from F. Schuchardt & Sons.

Ques. Are you acquainted with the signatures of F. Schuchardt & Sons, of New York?

Ans. Yes, sir.

Ques. Please look at the endorsements on these bills and say whether they are in the handwriting and bear the signatures of Schuchardt & Sons.

Ans. Yes, sir; all have the signatures of Schuchardt & Sons.

Ques. Do you know the signature of Henry Blache, cashier?

Ans. Yes, sir.

Ques. Is the signature of Henry Blache, cashier, to the bills—the genuine signature of Henry Blache, who was formerly cashier of the New Orleans National Banking Association?

Ans. Yes, sir.

(Defendants offer in evidence the five bills of exchange, with protests and all writings and endorsements thereon, marked "De Ruyter 1," "De Ruyter 2," "De Ruyter 3," "De Ruyter 4," and "De Ruyter 5," inclusive, and—

Complainant objects to the admission of these documents in evidence as irrelevant, inadmissable, and not competent as evidence.)

Cross-examined by M'r Beckwith:

Ques. Did you ever see any member of the firm of Schuchardt & Sons?

Ans. Yes, sir.

Ques. Do you know them personally?

Ans. Yes, sir.

283 Ques. Who are they?

Ans. M'r Schuchardt himself, and two M'r Wells, sons-in-law and brothers. The eldest brother's name is Lawrence Wells, and the name of the younger I am not certain of, but I think it is Edward.

Ques. Four of these purported signatures or endorsements of Schuchardt & Sons seem to be in the one handwriting?

Ans. Yes, sir.

Ques. Which member of the firm makes that signature?

Ans. I could not say positively, but I am certain it is Lawrence Wells.

Ques. Did you ever see him write?

Ans. No, sir; but I receive letters of his constantly.

Ques. You never saw him write?

Ans. No, sir; never saw him put pen to paper.

Ques. This one marked "De Ruyter 5" is different writing from the others?

Ans. I think that it is of the other M'r Wells.

Ques. You cannot state which member of the firm makes that signature that is on the bill, De Ruyter 5?

Ans. I do not know, but I know it is a member of the firm.

CHARLES DE RUYTER.

Subscribed and sworn before me March 31st, 1875.

F. A. WOOLFLEY,
Special Examiner.

Defendants closed.

284 Deposition of Samuel H. Kennedy, taken on behalf of defendants, in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. National Park Bank et al., No. 7072, U. S. circuit court, offered in evidence by defendants in this case.

SAMUEL H. KENNEDY, a witness produced, sworn, and examined on behalf of the defendants, deposes and says:

By M'r Clarke:

Ques. You are president of the State National Bank?

Ans. Yes, sir; I am.

Ques. How long have you been such?
Ans. Since 1870.
Ques. Is the institution engaged extensively, or how large is its business?
Ans. It is doing considerable business.
Ques. Compared to other institutions in the city?
Ans. It is among the leading banks.
Ques. Have you been engaged in buying and selling exchange since your organization?
Ans. Yes, sir.
Ques. And discounting notes?
Ans. Yes, sir.
Ques. Were you here during the summer of 1873?
Ans. I was.
Ques. How long were you here; the whole season?
Ans. I was here until the early days of July, 1873.
Ques. From your position as a bank officer would you have knowledge of the financial condition of other banks in the city?
285 Ans. I consider that I would.
Ques. What was the condition in the community as to the credit of the New Orleans National Banking Association up to the time that you left?
Ans. It was considered in good standing.
Ques. Was it selling exchange?
Ans. It was buying and selling exchange and doing its regular business, as far as I was aware.
Ques. There has been an allusion made in the course of this examination to a meeting of bank presidents, called by M'r Cavaroc on the first of June or the 31st May, 1873; were you present at any meeting called by M'r Cavaroc?
Ans. I recollect I was present at one meeting.
Ques. What day of the week was it?
Ans. If I recollect aright, it was Sunday.
Ques. Where was it held?
Ans. In the rooms of the New Orleans Insurance Association.
Ques. What was the object of the meeting?
Ans. The object of the meeting was to come to the aid and assistance of the New Orleans Insurance Association.
Ques. Was assistance rendered?
Ans. Assistance was rendered.
Ques. Was any assistance rendered to the New Orleans National Banking Association?
Ans. Not directly.
Ques. How was it indirectly, at this meeting?
Ans. I understood the matter to be this, as represented there: the New Orleans Insurance Association had drawn a large amount of
286 francs on correspondents in France, and that they were unable to meet these bill; unless they were to borrow some money; and that the protesting of these bills with the endorsement of the New Orleans National Banking Association would bring discredit on both institutions. And, therefore, it was very important to lend money to the insurance association to avoid these bills coming back.
Ques. Was there anything said about the relation of the insurance association to the banking association, as debtor or creditor?
Ans. I understood from the president of the bank that the insurance association was owing him (the bank) a large amount of money.

Cross-examined by M'r Rouse:

Ques. What particular interest had your bank in sustaining the insurance association?

Ans. I have already explained to you that it was indirectly the bank; that it would not do for the bills to come back protested—that is, their endorsement. It was rather an unusual business, as you are aware, but still it had been for a very considerable time. The insurance association drew sixty-day franc bills upon Bordeaux, and the national banking association endorsed these bills and sold them. Now, if these bills had to be protested in Europe and came back, it would have affected both institutions, the insurance association and the bank.

Ques. Then, if the New Orleans National Banking Association had not been on the bills you would not have had any motive to make the loan to the insurance association?

287 Ans. Well, I do not see why he called the presidents of the banks together; he ought to have called together the insurance companies; but we had no transactions with the bank; it was the insurance association, and they paid us for it.

Ques. What security did they give you?

Ans. At the time they did not give any. It was understood that they should give it, but I went to Europe, and the matter was settled before I came back.

Ques. Was it not understood that the insurance association was to give a mortgage?

Ans. I believe they were to give a mortgage on their insurance building, but I was not present; I went away.

Ques. You were not present at a meeting called by M'r Cavaroc prior to this Saturday meeting?

Ans. I do not remember being present but at one meeting.

Ques. Do you remember the bank presidents being called together by him for the purpose of rendering assistance to the banking assoc ation prior to this Sunday meeting?

Ans. It is not very fresh on my mind, but I may have attended such a meeting.

Ques. Who invited you to this Sunday meeting?

Ans. I cannot recollect distinctly.

Ques. Was it M'r Blache, the cashier of the banking association?

Ans. I cannot recollect who did; I know M'r Schneider and M'r Cavaroc came to see me, but who specially invited me to that meeting I do not remember. My mind is not clear on that point. I know I went there and found all the gentlemen there.

288 By M'r Beckwith, for complainant:

Ques. How long, prior to this Sunday meeting, had you been aware of the fact, as a banker, that the insurance association and the New Orleans Banking Association had been, the one drawing and the other endorsing drafts?

Ans. I think these bills of the insurance association had been on the market for a year.

Ques. Was it not considered kiting?

Ans. We could not understand it exactly. We considered the insurance association good; it had very good credit, and we supposed it was some financial operation. You know people sometimes draw bills of credit, then cover them and make a handsome profit. For instance, if you draw for sixty days in the spring of the year, at the end you may cover and make a profit.

Ques. Is not that an extraordinary financial transaction for an insurance company to embark in?

Ans. Well, I should say it was.

Ques. Would it not be an extraordinary charter to enable them to enter into this?

Ans. Well, we considered M'r Cavaroc as rather an extraordinary man, and this business seemed to be of the Cavaroc style.

Ques. At this meeting on Sunday was any investigation made by you bank presidents into the authority of the insurance association to draw these drafts?

Ans. Yes, sir; I think we did. I thought she had a perfect right to do a banking business. Her charter is a remarkable one. It is not clear to my mind, but I think she could do a banking business; anyhow she could borrow money and give security for it.

289 Ques. At this meeting on Sunday was there a statement of the condition of the New Orleans National Banking Association submitted to you?

Ans. No, sir.

Ques. Are you sure of it?

Ans. He had no statement; I think Mr. Cavaroc had his tickler there, and we looked over his portfolio.

Ques. The portfolio of the banking association?

Ans. I think he had the tickler of the bank up there to show to a certain extent the condition of the bank.

Ques. Did you look over and examine it as to the insurance association?

Ans. No, sir; we did not. It was a question of borrowing money.

Ques. Was it not discussed in that meeting whether you would make the loan to the banking association or whether you would make it to the insurance association, and did not you presidents determine to loan to the insurance association because it gave better security, to wit, a mortgage on the bank building?

Ans. I do not remember that; I think the question was to loan to the insurance association on the security the association could offer.

Ques. Did you arrive at this room where the meeting was held before the discussion or proceedings commenced?

Ans. They were discussing it at the time I got there and kept on in it.

Ques. You were not there at first?

Ans. No, sir; I was not there at first; I got there when they were in session talking about the matter. That is my recollection of the matter.

290 Ques. How did you understand this money that you advanced or did loan to the insurance association, on the credit of a mortgage on its building, was to be used? Was it placed in Europe in time to prevent the protest of these bills having the endorsement of the New Orleans National Banking Association?

Ans. Well, of my own right I sold a bill of £20,000 sterling to the insurance association, which they remitted at once. It was distinctly understood by me—I don't know about the other gentlemen—that it was to prevent these bills coming back. And, as I told you, it was collaterally for the bank, too, but the State National Bank had no transactions with the New Orleans National Banking Association.

Ques. Were the banks of the city, at the date of this meeting on Sunday, generally strong in cash on hand and in an ability to meet the run of depositors?

Ans. I think they were in a very good condition.

Ques. No nervousness in their condition?

Ans. No, sir; not the slightest.

Ques. A run on Cavaroc's bank then, you think, would not have affected other banks?

Ans. Well, I do not know; I cannot say. A run on any one bank might cause a distrust of the others. We have seen that since. The failure of the Citizens' Bank caused a run on the Bank of America; but things were in a very good condition during 1873, up to September.

By M'r Rouse:

Ques. Were you aware that during the month of June, 1873, the New Orleans National Banking Association was losing its deposits very rapidly?

Ans. No, sir; I was not.

291 Ques. Were you aware of the fact that it was borrowing money and discounting its portfolio to a very large extent?

Ans. No, sir.

Ques. Did you hear of its borrowing, early in June, from the National Park Bank of New York, $150,000?

Ans. I did not.

Ques. Had you heard of its discounting some $40,000 of its portfolio with the Bank of America in the month of June, 1873?

Ans. I did not hear of it, I think.

Ques. Did you hear of its discounting a large portion of its portfolio with the Mutual National Bank?

Ans. I was told by M'r Fourchy that it had discounted.

Ques. Were you aware that it discounted a portion of its portfolio with the Germania National Bank in June, 1873?

Ans. I do not recollect about the Germania National Bank.

Ques. Did you purchase any of its time exchange during the summer of 1873?

Ans. I did not. I was not satisfied with the character of these operations, and I declined to purchase them.

Ques. They were offered to you, then?

Ans. Yes, sir; they were on the market—the insurance association and the national banking association also.

SAM'L H. KENNEDY.

Subscribed and sworn before me March 3d, 1875.

F. A. WOOLFLEY,
Com'r of the Circuit Court of the U. S.

292 Depositions of Jules Aldigé, Charles Cavaroc, and Geo. Jonas, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Ch's Cavaroc & Son et al., No. 7064, U. S. circuit court, offered in evidence by defendants in this case.

NEW ORLEANS, *December* 24, 1874.

JULES ALDIDGE, a witness produced and sworn for defendants, Société de Crédit Mobilier, deposes and says:

By M'r Clarke:

Ques. You were a director in the New Orleans National Banking Association during 1873?

Ans. I was.

Ques. Were you on a committee to go to Washington in the fall of that year?

Ans. I was chairman of the committee.

Ques. Who composed the committee?

Ans. The committee was composed, as far as my memory serves me, of M'r Mioton, M'r Blache, and myself: but from some sickness in the family I think M'r Mioton was prevented from going, and Blache and I went on.

Ques. Previous to your going had you any statement from the cashier as to the condition of the bank?

Ans. I had a statement. At a meeting of the board on Saturday evening, which was the 4th October, it was decided that a committee should go to Washington—and the committee was appointed—to present a statement of the bank to the Controller of the Currency, and to get from him the liquidation of the bank by the stockholders, according to law. I requested on that same evening, which was Saturday,
293 M'r Blache to get his documents prepared, as it was expected we could leave on Sunday evening; and the next day, Sunday morning, I called to the bank and stated to M'r Blache that I would not go to Washington unless I had a detailed statement of the condition of the bank—that I knew exactly what report we would make, and this report must be correct and truthful, whether bad or good; that I was unwilling and unprepared to present any other. I requested, once more, M'r Blache to make up the statement and such additional statements in detail, that we might examine them on the way, so as to have all the figures in our minds.

Ques. Did he make that statement?

Ans. That statement was made.

Ques. What did it exhibit; have you got the statement?

Ans. I have not got the statement; but as far as my memory goes——

(Complainant objects to the witness stating the contents of that statement.)

Ques. Do you know where that statement is?

Ans. It must be on file in Washington with the Controller of the Currency. It was handed to him in person.

Ques. Did you have any conversation with M'r Blache in reference to the value of the stock of the institution?

Ans. I had conversations with M'r Blache on the way and after our return from Washington.

(The above testimony is objected to by complainant as being testimony apparently introduced to impeach the testimony of Henry Blache, a witness for complainant, and for which no proper basis has been laid, the attention of the witness Blache not having been called to the time, place, and occasion of the conversation.)

294 Witness proceeds:

At my request M'r Blache furnished me with a statement of the condition of the bank, and after deducting everything that should have to be considered lost, this statement showed——

(Complainant objects to the contents of the statement being given.)

Ques. Have you got that statement?

Ans. I have not.

Ques. Where is the statement?

Ans. Either I have lost it or given it to M'r Blache, or given it to somebody else.

Ques. You don't know where it is?

Ans. No, sir.

Ques. And no resource by which you could determine where it is?

Ans. No, sir.

By M'r Rouse:

Ques. Have you looked for it among your pape

Ans. Yes, sir; I have looked among my papers the other day for a number of papers, that one included, but my impression is that it was returned to M'r Blache himself.

(All evidence of the contents of the statement testified to is objected to by complainant, it appearing that no such search for the document has been made as makes it, in the contemplation of law, a lost or destroyed document.)

Witness continues:

That statement showed, to the best of my recollection, that after paying all the liabilities of the bank there would be still a dividend accruing to the stockholders.

Ques. Do you recollect the amount of the surplus?

295 Ans. It was something about $200,000, if my memory serves me right.

Ques. Did M'r Blache, when you reached Washington, make a verbal statement to the Controller? Or state what occurred in your interview with the Controller, and when.

Ans. The committee was introduced to the Controller of the Currency by M'r Parker, surveyor of this port, I think. I explained in a few words the object of our mission to M'r Knox, the Controller, and referred him as to questions of figures for an explanation to M'r Blache. The documents that we had brought with us showing the condition of the bank were handed to M'r Knox, who propounded several questions to M'r Blache, and for a final answer requested us to call b ck at one o'clock of the same day.

Ques. What were M'r Blache's oral communications to the Controller?

Ans. It was to show the condition of the bank. Nothing transpired about the business of the bank at that interview.

Ques. How about the value of the assets; what did M'r Blache say to that?

Ans. That the bank was able to meet its obligations, having lost a portion of its capital.

Ques. Did he say to the Controller that all its capital was gone?

Ans. No, sir; far from it; he said there was money enough to pay all the liabilities and to have a surplus accruing to the stockholders.

Ques. What was the result of the interview after you returned at one o'clock

296 Ans. At one o'clock when we met M'r Knox he showed to M'r Blache the last statement furnished by him, and on file at Washington, and asked him to explain the differences existing between that statement and the one handed him in the morning. Amongst other items, M'r Blache explained, that the bank had met, since that statement, with a loss of some $80,000 at the hands of one Mallalieu, a banker in London, but in spite of this loss the bank was prepared, or able, to meet its obligations. Upon an examination of these various statements M'r Knox granted the committee the liquidation of the bank in behalf of the stockholders.

Ques. You were a director of the bank for some time previous; or how long have you been director?

Ans. I have been a director since the month of February, I think, 1870 or 1871, but my recollection is 1870.

Ques. Had you any personal knowledge of the condition of the bank in May and June, 1873?

Ans. From the reports that were made to the directors I knew that

the bank was embarrassed, but it was stated that if the bank could reach the time the crop would be gathered in, and settlements made by the parties debtors to the bank, that the bank would find itself in a position to do still a good business.

Ques. From whom did this statement come to you?

Ans. The statements were made by the president in presence of the board and of the cashier.

Ques. Did the cashier make any such statements?

Ans. Officially, I do not know that the cashier has made any statement to the board.

Ques. Did he make any statement in that respect to the board or to you?

297 Ans. I don't remember that the cashier has made any statement to the board. I don't think that he has ever made any to the board except such statements of figures as were presented in writing. I had several conversations with him, but not officially.

Ques. Your conversations were with him as cashier?

(All evidence of conversations between the witness and M'r Blache, either in their individual capacity or in their official character, in relation to the banking association, is objected to by complainant as being irrelevant communications between persons not parties to the suit and strangers to the litigation in this case.)

Ques. State what conversations did you have with M'r Blache with reference to the condition of the bank, and the time.

Ans. Some time during the summer of 1873, after the bank had been authorized to draw some large amounts on Europe, I met M'r Blache in the cars, and speaking of matters concerning the bank, I expressed the opinion that there was no difficulty in reaching the time of the maturity of the large amounts due to the bank, and asked him then whether it was not his opinion that the bank, after possibly reducing its capital, could not continue to do business with such reduced capital, and he shared fully that opinion of mine.

Ques. Was there anything said about the reduction, or to what extent?

Ans. The reduction contemplated by me?

Ques. I want to know was there anything said as to the loss of capital, or what was left remaining of the capital?

298 Ans. The loss of capital, or the reduction of capital rather, mentioned, was, to the best of my knowledge, $200,000 as the outside figure; that was the amount of the reduction of the capital to be made, leaving the capital $400,000.

Ques. While you were a director was there any intimation from any official source as to the loss of the entire capital or not?

(Objected to by complainant.)

Ques. Was there anything said about the bank having lost?

Ans. It was never mentioned in the board or outside of the board amongst the directors, to my knowledge, that the capital was lost or a portion of it lost.

(Complainant objects to the testimony of this witness as to all matters of conversation between witness and M'r Blache, the cashier, either official or private, as irrelevant; not warranted either as testimony tending to impeach the witness Blache, or by the relations of either Blache or witness to the case. They object to all statements of the witness of conversations, impressions, understandings, or beliefs about or concerning the status or condition of the banking association as to solvency or its capacity to meet its losses and go on with reduced capital

or otherwise as irrelevant. This objection was reserved by consent and is now made at the conclusion of the direct examination of the witness.)

Cross-examined by M'r Beckwith:

Ques. How many times did you ever meet with the directors of the banking association in any meeting of the directors personally?

299 Ans. I cannot state the number of times. I was present at a great many sittings of the board.

Ques. Were the meetings any way regular?

Ans. There were regular dates of meetings.

Ques. I am not asking you of the dates of the meetings but of the meetings themselves.

Ans. The meetings were not always regular or held regularly.

Ques. Is it not the truth that the directory of that bank surrendered its management almost exclusively to M'r Cavaroc?

Ans. M'r Cavaroc managed the bank, and reported to the board at its sittings.

Ques. Your answer is hardly responsive to the question I asked.

Ans. The question was what?

Ques. The question was, "Is it not the truth that the directory of that bank surrendered its management almost exclusively to M'r Cavaroc?"

Ans. As I have never been a director in any other bank I am not prepared to state whether this method is surrendering entirely or not.

Ques. Did you do much as directors that is not reported in the minutes of the meetings of the board?

Ans. As directors we were called upon at times to ascertain the personal standing of certain houses and report to the president.

Ques. When discounts were offered, who passed the paper?

Ans. The discounts were made by the president, M'r Cavaroc?

300 Ques. Did you do much of anything at any meeting of the board of directors excepting pass resolutions of thanks to M'r Cavaroc?

Ans. At the meeting of the board, all the discounts made by M'r Cavaroc were read to the board; the exchanges bought, domestic or foreign, were read to the board, and usually the president would give a resumé of the general condition of business, as connected with the bank.

Ques. Did you, as a director, ever examine the books of the bank or take M'r Cavaroc's statement?

Ans. Every month two directors——

Ques. I am asking you——

Ans. I am answering your question. I was one of these two directors at times. Two directors, one of which I was at times a member, were appointed to count the cash at the end of the month, and to compare said cash with the books, and to sign a statement usually prepared by the cashier. Besides this, every three months I believe two directors were appointed to examine the portfolio, and make a report thereon if found correct.

Ques. Were you ever one of the last committee?

Ans. I was; I have been several times appointed to examine the portfolio.

Ques. During what period of time?

Ans. At different times. I could not specify the times just now.

Ques. Were you in 1873?

Ans. I do not believe I was; I am not prepared to answer.

Ques. As a director, did you believe your information of the condition of the bank good, and considerable as to details?

301 Ans. In examining the portfolio and the cash, I could only see what was before my eyes, and had to accept it as correct, and other information given me by the president or the cashier.

Ques. Is it not a bank director's duty to know everything about the bank?

Ans. Well, I should reckon it ought to be.

Ques. How much was lost of suspended and protested paper for the months of June, July, and August, 1873?

Ans. I cannot tell; I don't know.

Ques. Did you ever know?

Ans. I did not know the true condition of the suspended paper.

Ques. I do not ask you the value of the suspended paper.

Ans. The true condition, amounts, and names.

Ques. You examined the portfolio?

Ans. I think I did, but it is not present to my mind.

Ques. You say you were called on at times to ascertain and determine and report to the president the commercial status and solvency of houses that were customers, or who proposed to become customers of the bank; did you ever consider M'r Mioton and P. S. Wiltz & Co. good during the year 1873?

Ans. In my opinion M'r Wiltz was very good, not knowing anything to the contrary.

Ques. Did you know anything of the overdraft of his firm at the bank, or his?

Ans. I do not know that it was reported to me at the time of the overdraft. It may have been later on. In fact, I am positive that it was not mentioned to the board.

302 Ques. Did the president ever mention to the board, officially, the losses he made, either on discounted paper, exchange, or other items?

Ans. Losses on exchange, particularly in the case of Mallalieu, was known to me, but whether it was reported in the board, or outside of the board, is more than I can state now.

Ques. What I ask you, is, at any meetings of the board of directors did you get any official report from the president of the losses the bank had made on discounted paper, exchange, or other items?

Ans. I don't remember ever having heard such a report.

Ques. You were chairman of the committee that went to Washington?

Ans. I was.

Ques. You were charged by the directory of the bank with the duty of making representations at Washington, were you not?

Ans. Yes, sir; in concert with the cashier.

Ques. Was not M'r Blache sent on to aid you in that business by his knowledge of the affairs of the bank?

Ans. He was sent to represent the figures more especially, as he was the only one versed with the figures.

Ques. Did you state to the Controller, or was the statement made to the Controller, that an actual or assumed pledge of nearly the entire portfolio of that bank had been made to secure individuals, firms, and corporations?

Ans. It is not to my knowledge that any such representation has been made.

Ques. Was this Crédit Mobilier matter mentioned to him, and the terms upon which you were making drafts on the Crédit Mobilier?

303 Ans. I do not remember that the Crédit Mobilier was mentioned.

Ques. Was Schuchardt & Sons mentioned, and their security?

Ans. The account of Schuchardt & Sons, Crédit Mobilier, and other parties drawn upon were represented on the statement, but whether there was any information given as to these particular accounts by M'r Blache I don't know; it was not given by me.

Ques. Were you aware when you went to Washington that the Crédit Mobilier, the National Park Bank, and Schuchardt & Sons claimed to have in their possession a large portion of the portfolio of the banking association as security against their respective losses?

Ans. It was to my knowledge that collaterals had been given to several parties, but the details I do not remember just now. There are many things passed from my mind since.

Ques. But did you know the nature of the collaterals that had been given these parties?

Ans. I knew some of the collaterals that had been given, possibly, more especially to the Park Bank.

Ques. Did you make any representations about your relation with the clearing-house, and the amount of your portfolio that the clearing house had in its possession?

Ans. All representations as to figures and details were made by the cashier, and not by me.

Ques. Do you know whether you were present at every interview between the Controller of the Currency and M'r Blache?

Ans. I was, sir. I am sure of it, that there were but two interviews.

304 Ques. Is it not to your knowledge and information a fact that almost the entire portfolio of the bank had been pledged to secure the several creditors of the bank, and was not represented to the Controller?

Ans. I don't believe that any statement of the details to that particular effect was given to the Controller. The position of the bank, assets and liabilities, including the portfolio and debts, were given to the Controller, but whether any additional statement was given is more than I know.

Ques. Is it not true, of your knowledge, that the reports made to the Controller, and which you, as chairman of the committee, carried from New Orleans to the Controller on that mission of yours, exhibited the portfolio of the banking association intact, and all this pledged paper represented as being paper actually in the portfolio of the bank?

Ans. The statement shown to the Controller, as far as I can remember, showed the position of the bank, its assets and liabilities, and whether the notes forming the assets of the bank were given up as collaterals or not I cannot tell, because, as I stated before, there was a general statement made and a detailed statement. These matters have passed off from my mind.

Ques. You read this statement, did you not?

Ans. That was presented to the Controller?

Ques. Yes.

Ans. Yes, sir; I did.

Ques. Did you not consider it a peculiar condition for a bank to be in that its portfolio, instead of being held for its general creditors, was in the hands of a few and outside of the control of the bank?

305 Ans. Well, certainly it was not a good position for a bank; but in a business point of view I only looked at the assets and

habilities. I saw that the assets, from the statement shown me, were far above the liabilities, and whether the assets were in the hands of the bank or in other hands, they were, nevertheless, assets.

Ques. When did you first find out about the loss through this firm of Mallalieu & Co.?

Ans. I cannot precisely state the time. It was in the summer months, possibly in July.

Ques. How did you learn it?

Ans. I think from the cashier.

Ques. Did not M'r Cavaroc conceal the fact of that loss from you and from the directors of the bank?

Ans. I heard of the loss from M'r Cavaroc pretty nearly at the same time that I learned it from the cashier; however, I do not believe it was at a board meeting.

Ques. Did Mr. Cavaroc ever represent that loss in any of his reports of the transactions of the bank made to the board at their meetings?

Ans. I do not know that he did while I was present. I think I missed at that time several meetings, but I am not positive.

Ques. Were these statements of Mr. Cavaroc made to the board in writing?

Ans. The statements were read from the books of the bank usually, as far as the discounts and exchanges were concerned, and for other details: verbal statements were given to the board, except at the time of declaring a dividend, when a written statement was furnished by the cashier.

Ques. What room did you directors meet in?

306 Ans. We met in a room over the insurance association, on the second story.

Ques. Was it in the same room in which the banking business was carried on?

Ans. It was in the same building, but not in the same room.

Ques. Were the books of the bank taken out of the bank and carried in there every time you met?

Ans. The books of the bank were transferred from the bank to the third story, which was known as the directors' room.

Ques. The whole of the books?

Ans. I cannot say the whole—the exchange-book, domestic and foreign, the discount-book, and the minute-book. I think that is all, four or five in number.

Ques. How much paper had the bank left in its portfolio after being separated from the notes and collaterals made to secure individual creditors, such as the Crédit Mobilier, the National Park Bank, Schuchardt & Sons, and the clearing-house committee?

Ans. I don't remember, if ever I did know.

Ques. Well, all this denuding of the portfolio had taken place before you went to Washington?

Ans. Yes, sir.

Ques. Did you ever open negotiations with Baltzer & Taakson account of the bank?

Ans. Yes, sir, I did.

Ques. When?

Ans. It was some time in the early part of May, 1873.

Ques. Where is that firm located?

Ans. In New York.

Ques. For what purpose did you open the negotiations?

307 Ans. For the purpose of negotiating exchange or other business through them.

Ques. Were you appointed a committee to do that?

Ans. No, sir.

Ques. How came you to do it?

Ans. I went upon my own responsibility to New York on other business, and before leaving I had conferred with M'r Cavaroc, president, and offered my services to the bank as a director, and I paid my own traveling expenses and never got a cent from the bank.

Ques. Did you effect that negotiation?

Ans. I did not go for the purpose of effecting any particular transaction, but general transactions, and I effected some.

Ques. Did not that concern refuse to deal with you upon your credit as a bank without securities?

Ans. Not when I saw Messrs. Baltzer & Taaks, for they authorized me to telegraph to the bank that she could pass some of their exchange through their hands, and it was not until I reached New Orleans that I found that after my departure from New York some objections had been raised.

Ques. Were not these objections on account of the standing and credit of the bank?

Ans. These objections arose from reports that were circulated, and, as far as I know, more especially from the fact that the stock was quoted in the neighborhood of $30, and these gentlemen were under the impression, from their private lines to me, that the stock was at par, $100, and it was not until later on that they discovered their error.

308 Ques. But did they renew their promise to dispose of your bills?

Ans. I never attempted to renew business with them since on behalf of the bank.

Ques. How could they aid you by permitting you to pass your bills through their hands; by the value of their endorsement?

Ans. The understanding was that they should negotiate some of the drafts with their endorsement and others without. In fact there was nothing ever definitely decided upon. They were to make a trial, and authorized me to telegraph that fact, which I did.

Ques. You were to draw your bills without their endorsement and pass them; and if you could not pass them, they would endorse?

Ans. No, sir; it was not that idea. They never done business that way with the South, and they were to make a trial of that business, and if it proved to be a paying one, and gave them satisfaction, they would keep on.

Ques. Was there not to your knowledge communications between the bank and this firm relative to other transactions, by letter or telegram, or both?

Ans. Upon my arrival in New Orleans I heard that there was telegraphic communication between that firm and the bank.

Ques. Did you not have information of their subsequent refusal, and the reasons for their subsequent refusals, to carry these arrangements out, derived from communications from New York, or your presence and interviews with them, and not the bank?

Ans. I had read the communications from the bank and the
309 private communications of one of the members of the firm to me.

Ques. Was the import of the private communications to you different from the import of the communications with the bank?

Ans. The import of the communications to the bank is not precisely clear to my mind.

(M'r Clarke, for defendant, the Société de Crédit Mobilier, objects to all of the above matter as irrelevant.)

J. ALDIGÉ.

Subscribed and sworn before me December 24th, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *February* 27, 1875.

CHARLES CAVAROC, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By M'r Clarke:

Ques. You have been president of the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. From its origin to its failure?

Ans. Yes, sir.

Ques. And you were president for some time of its predecessor, the Bank of New Orleans?

Ans. Yes, sir.

310 Ques. Do you know of any arrangement between the New Orleans National Banking Association and the Société de Crédit Mobilier with reference to exchange made in July, 1873?

Ans. Yes, sir; through the exertion of my son it was made.

Ques. Through the agency of your son who was in Paris at the time?

Ans. Yes, sir.

Ques. That negotiation was conducted in writing, was it not?

Ans. Yes, sir.

Ques. You recognize these documents as the correspondence in relation to it?

Ans. Yes, sir.

(Defendants offer in evidence the correspondence brought in by M'r Thomas Allen Clarke under the call made upon him by the solicitors for complainant, Exhibits A 18 to A 28, inclusive.)

Ques. This is your son's letter, dated July 11, 1873, to the Crédit Mobilier, and marked "Exhibit A 18?"

Ans. Yes, sir; the letter was written by my son in Paris.

Ques. There is a press copy of the letter of response by the Crédit Mobilier of the 12th July, 1873?

Ans. Yes, sir.

Ques. And these are the telegrams in connection with that correspondence, which have been produced here, marked "Exhibits A 6, A 7, and A 8?"

Ans. Yes, sir.

Ques. Pursuant to that agreement did the bank draw on the Crédit Mobilier?

Ans. Yes, sir.

311 Ques. Were there securities deposited in the hands of C. Cavaroc & Son in accordance with the arrangement?

Ans. Yes, sir.

Ques. When was a list made out and forwarded by you to the Crédit Mobilier of the 19th August? Is that the letter, Exhibit A 25, containing the list at that time forwarded?

Ans. Yes, sir.

Ques. The list Exhibit B 1 seems to have been forwarded on the 19th August, 1873. Does that letter explain the reason for the delay in forwarding that list?

Ans. Yes, sir; the letter explains itself.

Ques. At what time were the securities placed in the hands of C. Cavaroc & Son?

Ans. A few days afterwards.

Ques. After what?

Ans. After the day we drew the drafts.

Ques. How were these securities selected; or were they selected by you?

Ans. I think they were selected by M'r DeArmas, the note-clerk.

Ques. And handed to you in what form; to the order of your house, C. Cavaroc & Son?

Ans. Yes, sir.

Ques. In an envelope?

Ans. Yes, sir; in one envelope.

Ques. There seems in this list, according to the statement of M'r DeArmas, securities that were issued after the date of the drawing of the drafts. How do you account for that fact?

Ans. Securities which were made after the drawing of the drafts?

312 Ques. Yes; securities that were made after the 12th July.

Ans. It does not appear by the statement; I do not remember it.

Ques. When was this document that you forwarded on the 19th of August made up?

Ans. A few days after we had drawn on them; I do not remember how many days.

Ques. Do you or not remember any direction on the 19th of August to prepare the document containing the securities?

Ans. Yes, sir; I remember when we drew the drafts upon the bank that I told M'r DeArmas to prepare a list or prepare the securities to protect the Crédit Mobilier for the amount, but what date it was I cannot say positively.

Ques. About how near to the 12th of July?

Ans. A few days after it; may be the same day; I do not remember.

Ques. Was there a list prepared by him of these securities?

Ans. Yes, sir.

Ques. What became of that list?

Ans. M'r DeArmas, I think, had the list.

Ques. Is this the list, marked "Exhibit B 1?"

Ans. Yes, sir; that is the list that I forwarded to the Crédit Mobilier.

Ques. Does this list, B 1, represent the state of the securities at the time it was forwarded?

Ans. Yes, sir.

Ques. Were there any other securities added or not after that period?

313 Ans. Yes, sir; but I do not remember what amount; but a large amount was added. Still we had securities sufficient to cover the Crédit Mobilier.

Ques. At what time was that done?

Ans. I do not know; I have no idea.

Ques. Did you or not retain these securities in your hands?

Ans. Yes, sir.

Ques. Did any of them fall due during the time?

Ans. Yes, sir.

Ques. What was done with the money?

Ans. The money was put into the cash of the bank, and we put in some other securities.

Ques. Were any of these list handed to you?

Ans. They were prepared by M'r DeArmas, the note-clerk.

Ques. Did you or not forward to the Crédit Mobilier *or* at any time subsequent lists?

Ans. I do not remember. The correspondence is there.

Ques. The correspondence is in the custody of the receiver?

Ans. Yes, sir.

Ques. Which would show whether or not the bank did forward any?

Ans. Yes, sir.

Ques. Did C. Cavaroc & Son forward any other lists?

Ans. No, sir.

Ques. At the time of the institution of this suit here, or shortly after, were there any in your hands or not?

Ans. No, sir.

314 Ques. Do you recognize this document, Exhibit C, filed on February 2, 1874, with the answer of the Société de Crédit Mobilier?

Ans. Yes, sir.

Ques. What is it?

Ans. A list of the notes held for account of the Crédit Mobilier, coming from the bank at the time suit was commenced.

Ques. It was the state of the account at that time?

Ans. Yes, sir.

Ques. And that is the list of the notes that you had at that time?

Ans. Yes, sir.

Ques. How long had these notes been in your hands?

Ans. It was before the failure of the bank, of course.

Ques. That list comprised what?

Ans. All the notes we held for account of the Crédit Mobilier.

Ques. Were they the original notes that were first put in there?

Ans. All but very few.

Ques. How did you receive those that were not original notes?

Ans. From M'r De Armas.

Ques. In lieu of other notes?

Ans. Yes, sir.

Ques. What was the course of things in relation to these securities from the time of their being first received up to the time of the institution of this suit?

Ans. I told M'r De Armas, the note-clerk, to pay attention and see
315 that the Crédit Mobilier had always ample securities, and when one note was paid, another should be used to replace it, so that the Crédit Mobilier should be always secured.

Ques. And this list is the result of it?

Ans. Yes, sir.

Ques. Do you know anything about the details; what special securities were paid from the original list, and what were put in their places?

Ans. No, sir.

Ques. How were these substitutions made?

Ans. By M'r De Armas. I told him to keep the Crédit Mobilier always covered, so that when we used one note he put another in its place.

Ques. And this list, C, is the result as handed to you by him?

Ans. Yes, sir.

Ques. Did or not the bank draw for this sum of money upon the Crédit Mobilier?

Ans. Yes, sir.

Ques. Had you any previous transaction with the Crédit Mobilier?

Ans. No, sir.

Ques. This was a new business entirely?

Ans. Yes, sir.

Ques. What was the general credit of the New Orleans National Banking Association at that time?

Ans. So far as I am concerned, I thought the bank in a very good condition. I thought the bank was in need of help, but I never believed the bank was in a bad condition, because at the last moment I gave it the whole securities of my house to a very large amount, believing always that something would come to hold me back.

316 Ques. What was the occasion of the embarrassment of the bank?

Ans. The shrinkage of everything in the city; merchants were failing; every day we had some new failures; and the failure of the crops. There were merchants here that we thought very good who could not pay their notes.

Ques. You knew of the condition of the bank by your own observation of it?

Ans. Yes, sir. I never thought the bank was in an insolvent condition. I thought that whatever could happen to the bank—even if it had to suspend—that it had fully the means to pay all its liabilities, up to the last moment.

Ques. The bank suspended at what time?

Ans. The 5th or 4th October, 1873.

Ques. Prior to that time were you or not receiving deposits and paying checks?

Ans. Yes, sir.

Ques. And acting in general in connection with the clearing-house?

Ans. Yes, sir.

Ques. Did you or not draw bills of exchange, foreign and domestic, during the perion from the 1st May to the time of the suspension?

Ans. Yes, sir.

Ques. Freely or not?

Ans. Yes, sir.

Ques. Were these bills or not current in the market?

Ans. Yes, sir.

Ques. Had you a correspondent in New York?

Ans. Yes, sir.

317 Ques. Upon whom you drew bills of exchange and checks?

Ans. Yes, sir.

Ques. What was the condition of the credit of the bank with regard to that during the time I have mentioned?

Ans. I thought it was very good, because we always drew large amounts of exchange on New York, on France, and London. Up to the moment our exchange sold freely.

Ques. Up to the moment of suspension?

Ans. Yes, sir.

Ques. Did you suspend with the rest of the banks in the city at the time of the panic in 1873?

Ans. Yes, sir.

Ques. Did you not continue in the clearing-house up to the 3d October, 1873?

Ans. Yes, sir.

Ques. During all the period prior to your suspension, from May, you received deposits and paid out money?

Ans. Yes, sir.

By Mr. Fuselier:

Ques. In the statement of the securities deposited for the Crédit Mobilier, the last one referred to in your testimony, were there not some notes, renewals which were set apart at the time of the first deposit?

Ans. Yes, sir.

(Complainant objects to the question as leading, and, being objected to, the question is withdrawn.)

318 Ques. You have explained how some notes which were in the original list forwarded by you, on or about the 19th of August, happened to be in the statement last referred to by you in your testimony; stating that some of them were notes which were set apart in place of the notes that were paid, and the funds accruing therefrom put into the general funds of the bank. Now, were there or not, in that last statement, notes and securities of different origin? and, if so, state their origin.

Ans. Yes, sir; notes from the beginning were renewals all the time, up to the failure of the bank.

By Mr. Clarke:

Ques. As regards the other notes, what was their origin—notes other than renewals?

Ans. Notes held by the bank in the beginning.

Ques. Were they or not the result of collections of the original notes?

Ans. Some of them were.

By Mr. Fuselier:

Ques You stated that the list dated the 12th July had been forwarded on the 19th of August in a letter of yours to the Crédit Mobilier. There appears to be on that list (Exhibit B) notes which must have come into the bank subsequent; please state if you know the origin of these notes, and how that happened.

Ans. I don't know. I told Mr. DeArmas to select paper to a certain amount, and to hand it to me in an envelope.

Ques. That was a few days after the 12th?

Ans. Yes, sir.

319 Ques. Supposing any of that paper that was selected on the 12th July had matured between that date and the 19th of August—or is there any such paper?

Ans. I don't know; there may be.

Ques. If such was the case, what would have been done with such paper that matured between the 12th July and the 19th August?

(Complainant objects to the question.)

Ques. Do you know whether between the 12th July and the 19th August any of the notes set apart for the security of the Crédit Mobilier did mature?

Ans. I think so; I am not positive, but I think so.

Ques. Such notes maturing, what was done with the proceeds?

Ans. The money was paid to the bank, or paid into the cash of the bank, and some other notes put in the place of those maturing.

Ques. Do you know whether or not there were any renewals during that period of the notes originally set apart?

Ans. I think so—I think there were more renewals than payments.

Cross-examined by M'r Rouse:

Ques. Have you any positive knowledge of the subject of M'r Fuselier's last inquiry?

Ans. No, sir; but I think it was so.

Ques. The DeArmas that you speak of in your testimony was the note-clerk of the bank?

Ans. Yes, sir.

Ques. The list which has been introduced in connection with your testimony, and which you say you forwarded to the Crédit Mo-
320 bilier on the 19th of August, is dated July 12, 1873; will you state how it had that date instead of its true date?

Ans. No, sir; because I gave orders to M'r DeArmas, or may be to M'r Blache, I don't know whom, to have the list made.

Ques. You do not remember why it was antedated?

Ans. No, sir.

Ques. You have stated that you thought the bank was in a solvent condition during the summer of 1873?

Ans. Yes, sir.

Ques. Did you not lose a great many deposits during the month of June, 1873?

Ans. Yes, sir.

Ques. Was it not necessary for the bank to borrow large sums of money in order to meet the calls on its deposits?

Ans. No, sir; the bank never borrowed any money in *in* June.

Ques. Did not the bank borrow from the National Park Bank of New York $150,000 in the month of June?

Ans. Yes, sir.

Ques. Did not the bank discount a portion of its portfolio with the Bank of America in the month of June, 1873, to the amount of $40,000 or more?

Ans. I think so.

Ques. Did not the bank also discount a portion of its portfolio in the month of June, 1873, at the Mutual National Bank?

Ans. A few thousand dollars; yes, sir.

Ques. Did not the bank on that occasion ask $200,000, and get only $25,000?

Ans. Yes sir.

321 Ques. Did not the bank also discount a portion of its portfolio with the Germania National Bank in the month of June, 1873?

Ans. I do not remember.

Ques. You are not positive?

Ans. No, sir; I think neither with the Merchants' Mutual Bank. I think it was the insurance association, and, if not, with the Bank of America.

Ques. But you did discount a large amount of your portfolio with financial institutions during the month of June, 1873?

Ans. I do not remember. I think it was all for the New Orleans Mutual Insurance Association; but these are facts, and the books are there.

Ques. Do you remember a meeting of bank presidents at the office of the National Banking Association towards the close of the month of May, 1873?

Ans. Yes, sir.

Ques. At which you solicited assistance for the banking association?

Ans. Yes, sir.

Ques. Do you remember that on the following Saturday the bank

was without funds to meet the checks of depositors or pay its balances at the clearing-house, until a new account was opened with a deposit of $25,000 in money, by M'r Clarke?

Ans. Yes, sir. I remember when M'r J. S. Clarke came, the bank had a very little amount of cash, but I took the $25,000 from M'r Clarke and handed it to M'r DeArmas, the paying-teller, telling him that in case anything should happen, I did not want M'r Clarke to lose;
322 and I told M'r DeArmas not to pay a cent of it to anybody, but keep it for M'r Clarke. We paid our depositors as they came, but this money was held as the sacred deposit of M'r Clarke.

Ques. How long was it so held?

Ans. A few days after that M'r Clarke came and got it back, but on the day that he deposited it I remember that the bank was very weak. I mean by that that the bank would pay its depositors as they were coming every day, but this $25,000 was kept aside, as I told M'r DeArmas, because I said if the bank is to go, I did not want this $25,000 used to pay others.

Ques. Do you remember another meeting of bank presidents, held at your solicitation, on the first day of June, 1873, which was Sunday?

Ans. Yes, sir.

Ques. Do you remember stating to M'r Blache, the cashier, on that morning, and before that meeting, that unless the banks came to your assistance, that you must return to M'r Clarke the money that he had deposited the day before?

Ans. No, sir.

Ques. Do you remember making any statement in connection with that deposit to M'r Blache on the question of returning it unless you gained assistance?

Ans. No, sir. On the same day I gave instructions to M'r DeArmas, I said, "Here is a deposit of $25,000; but if anything should happen to the bank, that money should go back to M'r Clarke."

Ques. At that meeting of bank presidents on Sunday, June 1, 1873, did you not exhibit a statement of your condition to them?

323 Ans. It may be so, but I do not remember. I must have done so, but I do not remember.

Ques. Did you ask assistance from them in the way of a loan or a discount?

Ans. Yes, sir.

Ques. Did you get any assistance from the Louisiana National Bank or the State National Bank?

Ans. Yes, sir, but not for the bank.

Ques. I am asking you about the bank only.

Ans. No, sir.

Ques. Was not the bank, in the month of July, at the time these negotiations were pending with the Crédit Mobilier, very much presssd for current funds?

Ans. Yes, sir.

Ques. And did not Mr. Rigney, the vice-president of the State National Bank, insist upon immediate payment to that bank of a sum of money which had been borrowed, or for some other indebtedness?

Ans. No, sir; not to my recollection.

Ques. Did you not ask from him three days' time to raise the money?

Ans. For the bank?

Ques. Yes.

Ans. I don't remember. I do not think for the bank.

Ques. Did you sell the exchange which you drew on the Crédit Mobilier in the city of New Orleans?

Ans. No, sir.

Ques. Why did you not?

Ans. Because we could have a better price for it in New York. It was impossible for any bank here to buy such an amount of exchange.

Ques. Who was your correspondent in New York?

324 Ans. Schuchardt & Sons.

Ques. During the month of September, was the bank able regularly to meet its exchanges at the clearing-house?

Ans. No, sir.

Ques. Did it not often have to give what is called cashier's checks in settlement of daily balances?

Ans. No, sir; but because we were compelled to give securities.

Ques. I am speaking of the time prior to the suspension.

Ans. So am I. As soon as the clearing-house was made, it was decided that any bank indebted to the clearing-house should furnish securities, not cashier's checks, and for that reason, although I knew that the bank was in a weak condition, I never thought for a moment but that if the bank suspended it would be able to pay its liabilities.

Ques. Did your firm not furnish securities for assisting the bank?

Ans. Yes, sir.

Ques. Would it not have failed to make its clearings but for such relief?

Ans. Yes, sir.

Ques. Was not a large portion of the portfolio of the bank worthless, or comparatively so?

Ans. Yes, sir; and it was for that very same reason that the bank was in a weak condition, because our portfolio was almost worthless by the failure of houses in this city.

Ques. The list which you have introduced here this evening

325 amounts to $220,000 in securities; will you please state why the additional $100,000 was taken out of the portfolio of the bank and placed to the credit of the Crédit Mobilier?

Ans. Yes, sir; because I thought this $200,000 would not cover the Crédit Mobilier.

Ques. When did you arrive at that conclusion?

Ans. I cannot say; but when I saw these notes always renewed, we could not rely on their payment, and not wishing that the Crédit Mobilier should lose on their loan, I asked M'r De Armas to be sure and protect the Crédit Mobilier, but I cannot say when.

Ques. How long before the failure?

Ans. It was some time before the failure.

Ques. It was not prior to the 19th of August; had you forwarded the list at that time?

Ans. No, sir.

Ques. Did you ever forward such a list of securities prior to the failure of the bank?

Ans. I think so.

Ques. How long prior to the failure?

Ans. I do not remember now.

Ques. Please look at the Exhibit C annexed to the answer of the Crédit Mobilier, and state whether that is the list made subsequent to the 19th August.

Ans. Yes, sir; it is.

Ques. You cannot remember when that list was made?

Ans. No, sir; but I know it is the list.

Re-examined by M'r Fuselier:

Ques. When on the 19th of August this statement was dated, did you give any orders to the cashier to antedate it to the 12th of July?

326 Ans. No, sir.

Ques. Please look at the document marked "Exhibit B," annexed to your answer, and also "Exhibit C," annexed to your answer in this suit, filed on May 6th, 1874, and state whether or not they show the correct statement of the condition of the trust in favor of the Crédit Mobilier in your hands at the time this answer was made.

Ans. All this is in the handwriting of my son, who will testify about it better than I can.

Ques. On your cross-examination there has been raised a question of a loan made on or about the first day of June, by several banks of the city; was that loan made for the New Orleans National Banking Association or the New Orleans Insurance Association?

Ans. I told M'r Rouse it was not made for the bank, but for the insurance association, but M'r Rouse stated that he had proof that it was made for account of the bank; but I think all these loans were made for account of the insurance association. I know the money given by the Germania National Bank, M'r Kennedy of the State Bank, and M'r Oglesby, was given to the insurance association.

Ques. Did you or not at that time get any relief from these banks of New Orleans for the New Orleans National Banking Association?

Ans. No, sir; I do not think I did; I think it was for the insurance association.

Ques. Was not the New Orleans Insurance Association at that time overdrawn at the bank?

Ans. Yes, sir.

Ques. How much?

327 Ans. I do not remember, but I think it was a large amount.

C. CAVAROC.

Subscribed and sworn before me February 27th, 1875.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *March* 2, 1874.

GEORGE JONAS, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By Mr. Clarke:

Ques. You have been for a number of years president of the New Orleans Canal and Banking Co.?

Ans. Yes, sir.

Ques. And are still?

Ans. Yes, sir.

Ques. And were during the year 1873?

Ans. Yes, sir.

Ques. Was your bank doing business to a small or large extent?

Ans. Among the largest in the city.

Ques. Dealing in exchange?

Ans. Yes, sir.

Ques. And discounting notes?

Ans. Yes, sir.

Ques. Had you an opportunity of knowing of the credit of the New Orleans National Banking Association during the year 1873?

Ans. Yes, sir.

Ques. What was its credit during that time?

328 Ans. It stood during that time, as far as I know, the same as other banks. We bought large amounts of exchange from that bank up to September, 1873. The general suspension took place in September.

Ques. What was called the panic time?

Ans. Yes, sir.

Ques. This was previous to the panic?

Ans. Yes, sir.

Ques. Are you aware of its dealings with others than yourself; that it bought and sold exchange?

Ans. Yes, sir; I am aware of two other transactions that took place in September.

Ques. How late did you buy the exchange?

Ans. I have got a memorandum in my pocket of purchases we made from that bank through brokers during the whole summer of 1873. The last purchase we made was on the 17th September, 1873. I bought $20,000 from them in a check on New York, and on the 20th August $15,000.

Ques. Your bank was a member of the clearing-house?

Ans. Yes, sir.

Ques. What standing had the New Orleans National Banking Association in the clearing-house?

Ans. It stood in the clearing-house, until its suspension, like the other banks.

Ques. And made its settlements?

Ans. Yes, sir.

Ques. Was your institution applied to by it at any time for assistance?

Ans. No, sir.

329 Cross-examined by M'r Rouse:

Ques. Were these bills which you purchased on Schuchardt & Sons secured in any way?

Ans. No, sir; clear bills.

Ques. Were they sight bills?

Ans. Yes, sir.

Ques. Did you not know that the New Orleans National Banking Association had been authorized by Schuchardt & Sons to draw these bills? Had you not such information from M'r Cavaroc or the cashier of the New Orleans National Banking Association?

Ans. No, sir. I bought them from brokers that knew nothing of the case.

Ques. Did you not know that they had general authority to draw on Schuchardt & Sons?

Ans. No, sir.

Ques. On the 17th September would you have bought a sixty-day bill of the New Orleans National Banking Association without security?

Ans. I would not buy a sixty-day bill on New York from any bank.

Ques. Would you have bought a sixty-day bill from that bank?

Ans. On London? Yes, sir.

Ques. Without previous acceptance?

Ans. Yes, sir. During the season of the year when we are buying sterling bills I was in the habit of buying them, but in the summer they never sell them.

Ques. You heard, in common with other financial men, the position that bank was in, and the rumors affecting its solvency?

330 Ans. I did not. If I did I would not have bought its bills.

Ques. Did you spend much of your time in the city?

Ans. Yes, sir, I did. I went over the lake every Saturday and came back every Monday.

Ques. Were you present at a meeting of bank presidents about the last of May or the first of June at the office of the New Orleans National Banking Association?

Ans. No, sir.

Ques. You did not attend that meeting?

Ans. No, sir.

Ques. Did you hear of it?

Ans. I heard of it after the bank suspended in the fall.

Ques. Did you not hear of it at the time?

Ans. No, sir. It did not apply to us.

Ques. Did your cashier not attend one of these meetings?

Ans. No, sir.

Ques. Are you positive about the statement that your cashier did not attend?

Ans. Yes, sir; if he did he would have certainly informed me. He would not attend at such a meeting without informing the president, and I never heard of it.

Ques. How do you account for the fact that when the rumors were so general in the community that the New Orleans National Banking Association was insolvent during the summer of 1873, a fact known to nearly all the financial men in the city, that you did not hear of it?

(M'r Clarke, for defendants, objects.)

331 Ans. I do not think it is possible that there could be such a rumor. My impression is derived from this, that all the banks, the Louisiana National and the Hibernia Banks, would not buy their exchange on New York if they considered them insolvent, and they had been buying it during the summer.

Ques. Did you not buy exchange from the Crescent City National Bank before its insolvency?

Ans. Probably.

Ques. Did you not have unmatured exchange at the time of its failure?

Ans. Yes, sir; on London.

Ques. And did not the fact of its insolvency become known generally some thirty days before the maturity of the bills?

(M'r Clarke, for defendants, objects.)

Ans. No, sir; not until the failure of de Lizardi & Co. I never dreamed of it, and I do not believe any other bank officer did. When de Lizardi & Co. failed, of course we all had apprehensions.

Ques. Were you aware of the fact that in the month of June the New Orleans National Banking Association was borrowing money generally, and discounting its portfolio in order to pay its depositors?

Ans. No, sir; I never heard of it.

Ques. Were you aware that there was a great run upon the bank in the month of June?

Ans. No, sir.

Ques. You never heard of that?

Ans. No, sir.

Ques. Prior to the failure of the New Orleans Banking Associ-

332 ation did not your bank often have to take cashier's checks from

the New Orleans National Banking Association in settlement of daily balances?

Ans. Not oftener than any other bank. That is frequently done, and is a common thing.

Ques. You say it is a common thing for daily balances to be settled with cashier's checks?

Ans. Yes, sir; we both give them our own and receive others.

Ques. Was it a quite common thing prior to the panic in 1873?

Ans. Yes, sir.

GEO. JONAS.

Subscribed and sworn before me March 2d, 1875.

F. A. WOOLFLEY,
Examiner.

333 Depositions of George Jonas, Patrick Irwin, and Louis Schneider, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Louis Schneider et al., No. 7069, U. S. circuit court, offered in evidence by defendants in this case.

GEORGE JONAS, a witness produced and sworn on behalf of defendants, deposes and says:

By M'r Finney:

Ques. You are president of the New Orleans Canal and Banking Co.?

Ans. Yes, sir.

Ques. You are one of the trustees of the clearing-house under an agreement between the associated banks made in September, 1873?

Ans. Yes, sir.

Ques. The trustees are named in the agreement?

Ans. Yes, sir; I believe so.

Ques. You were president of the Canal Bank at the time the banks suspended, in September, 1873?

Ans. Yes, sir.

Ques. And had been for some years?

Ans. Yes, sir.

Ques. Will you state what was the financial situation generally in the United States about that time and prior?

Ans. You mean the time of the suspension here?

Ques. Yes; the 25th September, 1873, was it not?

Ans. Yes, sir; the banks all over the country had suspended currency payments.

Ques. Previous to the suspension here?

334 Ans. Yes, sir.

Ques. The banks in New York?

Ans. The banks in New York, Philadelphia, and Boston. There was some exceptions, I believe, in the West, but generally in financial centres.

Ques. At that time, say the time of the suspension of the banks here, state how the balance of trade was between New Orleans and the Northwest.

Ans. It was against New Orleans. Although at that season of the year the payments of merchants were comparatively light, still it was against us in New Orleans, and exchange on New York was at a premium.

Ques. What was the cause of that balance of trade between New Orleans and the Northwest. What trade is the Northwest engaged in?

Ans. Provisions.

Ques. At that time, after the general suspension in the United States, how were provisions furnished by the Northwest and the South required to pay?

Ans. All obligations had to be paid in currency and remitted in exchange.

Ques. They exacted payment in currency at that time?

Ans. Yes, sir.

Ques. In ordinary times how is that thing done; how is the price of provisions sent from the Northwest here received by the Northwest?

Ans. It is generally remitted to the Northwest in exchange on New York.

Ques. That is, it is paid for here in currency, and that currency is invested in exchange on New York?

Ans. Yes, sir.

335 Ques. In that state of the case there is no drain of currency?

Ans. No, sir; not in ordinary times.

Ques. At that time, say about the time of the suspension of the banks in New Orleans, what was the condition and state of the crops of the South, sugar and cotton; were they ready for the market or not?

Ans. No, sir; it was too early.

Ques. Will you state whether or not at that time exchange on New York was obtainable here?

Ans. Well, after the suspension it was almost impossible to get exchange at all for some time, and then at an almost usurious rate of premium.

Ques. Considering the circumstances that you have just stated, the general suspension of banks in commercial centers, the balance of trade being against us, the fact that provisions had to be paid for in currency, and exchange could not be obtained on New York, state whether or not banks in New Orleans, if they had ample resources other than currency, could go on paying currency unless they had a dollar of currency for every dollar of liability.

(Mr Beckwith, for complainant, objects to the question as irrelevant and asks the opinion of the witness on a suppositious state of facts not relating to any matter involved in this action.)

Ques. State if you could obtain currency; and, if so, how.

Ans. At that time it was considered advisable by the banks of New Orleans—the suspension of the North being a drain upon them—to stop paying currency, or they would have lost all. They could not

336 continue to do it. The suspension at the North increased the premium on currency and created the panic.

Ques. Yourself, Mr Louis Schneider, and Patrick Irwin were the trustees appointed by the associated banks under the agreement marked "Exhibit B," filed with defendants' answer to this case?

Ans. Yes, sir.

Ques. After the suspension of currency payments here, how did the banks of New Orleans settle with their depositors; how did they settle the checks upon them?

Ans. They paid in clearing house certificates and certified checks.

Ques. That is to say, checks were certified when demanded and then deposited?

Ans. Yes, sir. You mean if a party presented a check in a bank for payment?

Ques. Well, all banks had deposits; but I want to know how in point of fact checks drawn upon banks were settled.

Ans. They were certified.

Ques. They were certified or deposited in some bank to the credit of the clearing-house?

Ans. Yes, sir; to credit of depositor.

Ques. Will you state whether that mode of settlement of checks upon banks was acquiesced in or not generally in New Orleans?

(Mr Beckwith, for complainant, objects to the question as irrelevant and a matter of no importance or pertinancy whether it was generally acquiesced in or not.)

Ans. There was a general acquiescence.

Ques. Were depositors satisfied with that mode of settlement?

337 Ans. They appeared to be so, but of course they preferred to have had currency.

Ques. You can state the mode of settling balances at the clearing-house after the suspension, can you not?

Ans. Yes, sir.

Ques. State it clearly.

Ans. The modus operandi was this: The runners from every bank in the city went to the clearing house every morning with the checks in sealed envelopes. The manager never seals the envelope, but on the outside is the amount against the bank.

Ques. For instance, your bank would send the checks that you held against the other banks in sealed envelopes?

Ans. Yes, sir. Each bank sends the checks that it holds against the associated banks; the checks of each bank are in a separate sealed envelope.

Ques. Each bank does that?

Ans. Yes, sir. And as soon as it is ascertained by the manager of the clearing-house who are debtors or who are creditors, he gives his check on the debtor banks to the creditor banks, and the one balances the other. The creditor banks present to the debtor banks the manager's checks and get the money. In that case they got clearing-house certificates.

Ques. That is to say, if your bank, for instance, was a creditor bank for $30,000 against the various associated banks, and one of the banks was a debtor bank for $30,000, the manager of the clearing-house would probably settle with the creditor bank with a check for $30,000 on the debtor bank which owed that $30,000?

Ans. No, sir. It is all added up, a certain amount of debtor
338 and a certain amount of creditor banks, and he gives his check upon the debtor banks.

Ques. He distributes the amount due among the debtor banks as suits his convenience?

Ans. Yes, sir. The debtor bank at that time, in order to obtain the means of paying, brought to the trustees securities valued at, I think, 125 to the dollar, and obtained clearing-house certificates for the amount.

Ques. And these were used in settlement of the balances?

Ans. Used in settlement of the balances.

Ques. What was the credit of the New Orleans National Banking Association down to the time of its suspension, as far as your knowledge went?

Ans. As far as my knowledge goes, the bank was in fair credit up to the time of shutting her doors.

Ques. Did you deal with her as in good credit?

Ans. Yes, sir.

Ques. Did you buy exchange from her?

Ans. Yes, sir.

Ques. Can you hand in a list of what you bought?

Ans. Yes, sir; it has been handed in. Our bank bought bills from May up to the middle of September for large amounts.

Ques. Did you bring the receipt that M'r Rouse gave you for what you handed him?

Ans. No, sir; I thought it was not necessary.

Cross-examined by M'r Rouse:

Ques. Did the banks of Chicago generally suspend currency payments at the time you speak of?

Ans. I do not know; there were some exceptions.

339 Ques. Did not the Chicago banks generally continue currency payments?

Ans. I am under the impression they did.

Ques. Was not their continuous payments followed, during the panic of 1873, by large accessions of currency to them?

Ans. That I do not know.

Ques. Did not several banks in New Orleans refuse to join in the combination for the suspension of currency payments?

Ans. There were two of them.

Ques. Were there not three?

Ans. The Southern Bank and the Mechanics' and Traders'. I do not know of any others.

Ques. The Workingmen's Accommodation Bank?

Ans. Well, I do not know.

Ques. Did not the Southern Bank largely increase its currency during the time that the other banks of New Orleans were in suspension?

Ans. It may have done so. All the other banks increased their currency, too.

Ques. Were not large amounts of currency brought here for the purpose of buying up cotton?

Ans. Yes, sir; after the suspension.

Ques. Were you not consulted on the Saturday previous to the suspension of currency payments in regard to such a movement?

Ans. No, sir; I was out of town.

Ques. Were you not consulted before you went out of town?

Ans Well, I was told in the evening, on leaving town, that there was to be a meeting that night on the subject.

340 Ques. Had they not asked you to join in such a movement, and you expressed your opinion against it?

Ans Not that I recollect. They took action in my absence.

Ques. Did you not say, upon first hearing of it, that it was an unnecessary movement?

Ans. My first impression was, when I heard it the next morning, that it was unnecessary. I thought it was ill timed.

Ques. Did you not look upon the meeting called during your absence as a movement made during your absence to avoid your opposition?

Ans. No, sir.

Ques. Did you not say so?

Ans No, sir. Our bank was represented there by the cashier.

Ques. Did you know that it was to be represented at that meeting?

Ans. Yes, sir. I told him that it had been intimated to me, and that he had better go and see what they intended doing, but I gave him no

instructions. I now recollect that he took one of our directors with him, and they concluded it advisable to go into the movement for the general good.

Ques. Did the S't Louis banks generally suspend?

Ans. Some of them did.

Ques. Did they generally?

Ans. I think not.

Ques. Do you say that you heard no rumors prejudicial to the credit of the New Orleans National Banking Association prior to its failure?

341 Ans. If I had I should not have continued to buy their exchange. I may have heard conversations of that sort, and they are always going on; opinions are expressed in favor of one bank or another.

Ques. Were the banks strong in money, or cash on hand, during the summer of 1873?

Ans. No, sir; not as usually.

Ques. Was their portfolio collected at maturity, or renewed?

Ans. Most of it was renewed, or payments made in part.

Ques. Would not the suspension of one bank have disastrously affected the others during the summer of 1873?

Ans. Well, the failure of a bank has always a bad effect upon the others.

Ques. Would it not have been peculiarly disastrous during that summer?

Ans. I think it would.

Ques. Is it not a fact that the banks were weak in currency, and in possession of portfolios which were not collectable generally, which rendered it almost imperative upon each bank to do what it could to sustain others?

Ans. Well, it is always the interest of a bank to aid and sustain another when it can do so safely.

Ques. What would have been the effect of your refusing to buy exchange drawn by the New Orleans National Banking Association; would it not have discredited it?

Ans. Not in the least.

Ques. But would not your refusal to purchase it, because it was issued by them, bring it into discredit?

342 Ans. If I said the bills did not suit me, it would not discredit it. I would not buy bills of that bank, or others, when I did not want them.

By M'r Beckwith:

Ques. Suppose during the summer of 1873 the broker of whom you say you bought the bills of the New Orleans National Banking Association had presented to you bills on New York of the banking association and you had refused to take them, and said nothing for your reason, and had continued during the same day buying other and better exchange on New York, showing that you were in the market purchasing exchange; would it have the effect of discrediting the New Orleans National Banking Association when you refused their bills when offered?

Ans. No, sir; I think not. We have our reasons for buying particular bills. A bill of a bank in high credit might be brought to me to-day and I would decline to buy it, but a bill of Silkenstadt, a banker in high credit, I might buy, because they keep a large account with us, when I would not buy any other bills. They are our customers. I am offered

bills every day and I decline to buy them; but from my customers I will buy. It does not injure a bank at all if I refuse to buy.

Ques. Suppose that you had rejected a bill or banker's draft on New York of the New Orleans Banking Association, and had the same day bought exchange on New York from the Germania Bank, would not that discredit the New Orleans Banking Association?

Ans. It might. Had a broker offered both bills, and I had refused to buy the one and he had brought me the other, and I bought that, it would have that effect, because that would be showing an invidious distinction, but such cases as that never occur.

343 Ques. You were not in a condition, any of your banks, to discredit voluntarily any other bank on New York by refusing its bills?

Ans. I do not consider that I injure the credit of a bank by refusing its exchange. There might be a hundred different reasons why I would not want it. The only way we could repudiate a bank and injure it would be to refuse to receive the checks of that bank on deposit. That is the only way we could discredit it, not by refusing to buy its bills of exchange. I refuse to buy bank bills of exchange every day without compunction, but that does not injure the credit of the bank.

By Mr Rouse:

Ques. State when you received the securities from the New Orleans National Banking Association; give the dates.

Ans. I have not got them with me; you have got them here. The securities were handed in when they asked for certificates.

Ques. I want the dates on which they were delivered to you.

Ans. I will furnish them.

Ques. Please furnish a statement showing the amount of securities delivered to you by the New Orleans National Banking Association under your agreement, and the date of each delivery.

Ans. These things, in fact, it is impossible to furnish. We can furnish the date that they handed in the securities and issued certificates; but we cannot state the amount of the collaterals and the certificates made out for them, because as soon as the certificates were issued

344 the collaterals went into the bank. The committee met every morning, when the collaterals were handed in, and a calculation made, 125 for 100 clearing-house certificates were made out, and the collaterals were pinned together on a piece of paper on the outside, stating the amount and the issue of a certain amount of clearing house certificates. When the banks took these up they got their collaterals back again. And in the case of the banking association, as they were redeemed the collaterals all went back. You have a statement of all the collaterals handed to us in the first place.

By Mr Beckwith:

Ques. Do I understand you to say that, in regard to the New Orleans National Banking Association, when you issued a certificate for that bank you took the requisite amount of collaterals and pinned them together; endorsed them as collaterals to secure particular clearing-house certificates that were issued; that they remained in that shape until the clearing-house certificate was redeemed, and when redeemed you then took these endorsed collaterals together and returned them to the New Orleans National Banking Association, or held them to be used to secure other certificates that might be required by the banking association?

Ans. We did not return them to the bank because it failed. The box was handed over to us, and we paid the clearing-house certificates

as they were presented by the different banks who received them. We have accounted for the collaterals. In other words, we issued one
345 hundred and ninety-one thousand (191,000) clearing-house certificates, and we received collaterals for that amount and twenty-five per cent. more.

Ques. You had custody of these collaterals and expended them in redeeming certificates that you had issued?

Ans. Yes, sir.

Ques. Is there any exhibit which you furnish here that shows the precise date at which you redeemed the certificates issued to the New Orleans National Banking Association?

Ans. If it is not here I can furnish it very easily.

Ques. Have you with you or can you give us the form of one of the certificates issued by the clearing-house committee to the New Orleans National Banking Association?

Ans. We can do so without any trouble.

Ques. Can you produce an entire list of the cancelled or redeemed certificates issued?

Ans. Yes, sir.

Ques. Will you produce them?

Ans. Yes, sir.

Ques. Do these certificates, in the cancellation on their face, show the date of cancellation?

Ans. No, sir; but our record shows that. I do not know but what they may show it. I think they do.

Ques. Are these in serial numbers?

Ans. Yes, sir.

Ques. These serial numbers so referred to in the record show the date of the redemption of each certificate?

Ans. Yes, sir; the numbers are all put down.

Ques. Will you answer me if I state correctly the operations of
346 your clearing-house committee? To illustrate it we will take, for instance, the Germania Bank. The object intended to be subserved in the clearing-house committee in the issue of certificates was, I understand, to enable the banks to carry on their daily operations. Now, if a depositor in the Germania Bank deposited in that bank a check on your bank, in the due course of the clearing-house business that check of your bank would find its way to the clearing-house the next morning.

Ans. Yes, sir.

Ques. Now, in order to make that check good to the Germania Bank, you deposit securities with the clearing-house, and they issue to you a certificate of the fact that you have deposited securities to the amount of this check, and you obtain this certificate. That certificate is used in settling your indebtedness to the Germania Bank on account of the check deposited with it the day before. And the deposits of these securities with the clearing-house committee was to settle the balances between the banks growing out of the deposits of other banks with the depositing bank.

Ans. That would have been the operation if the Germania Bank and the Canal Bank were the only banks in the agreement.

Ques. Did the clearing-house committee, at the time of the issue of these clearing-house certificates, know, or had they any means of knowing, to what banks the certificates were to go, and what balances were to be settled by them?

Ans. Of course after their exchanges; that was their business.

Ques. How did they know it?

347 Ans. We attended at the clearing-house every morning to ascertain who were the debtor and who were the creditor banks, and to furnish certificates.

Ques. Then you knew at the close of each morning's operation or session what banks in the city owed balances which had to be settled by clearing-house certificates?

Ans. Yes, sir; we went there every morning and found it.

Ques. At the close of each day's committee you knew from what banks balances were due and what banks needed clearing-house certificates to settle their daily balances?

Ans. Yes, sir.

Ques. Did you know to what particular banks these clearing-house certificates were to be delivered?

Ans. They could tell. There were creditor-banks, and the debtor-banks had to pay to the creditor-banks.

Ques. Did the clearing-house committee attend to the delivery of these certificates to the particular banks that needed them?

Ans. Yes, sir; because they gave us the collaterals and we signed the certificates and gave them.

Ques. To whom did you deliver these certificates, the party to whom they were issued or the party entitled to them?

Ans. The bank that wanted them, on their furnishing collaterals.

Ques. What means had you of knowing, if any, that these certificates were appropriated to and used for that purpose?

Ans. We knew the purpose they were obtained for; we did not give certificates unless the parties owed.

348 Ques. Had you any control of that certificate after you delivered it to the party applying for it?

Ans. No, sir; only the record of it. The bank could do with it as it pleased in paying its liabilities.

Ques. Did you, as the clearing-house committee, examine at any time the books of the New Orleans Banking Association, or any other of the banks included in that agreement, to ascertain whether the balances against them were the result of overdrafts, or funds actually deposited?

Ans. No, sir; we never examined any banks.

Ques. And had no means of knowing it?

Ans. No, sir; we knew the balances against them in the clearing-house, and knew nothing outside of the clearing house.

Ques. You had no means of knowing whether or not the balances against the New Orleans National Banking Association was made up of checks, or of their being overdrafts of individual accounts?

Ans. We knew nothing about it.

Ques. Did you use any care or exercise any solicitude to ascertain?

Ans. We had no cause to.

Ques. Then, had a balance existed any one day against the New Orleans Banking Association based upon checks issued by that association and deposited by other banks to the amount of $100,000, and every one of these checks had been an overdraft, it would have been cleared the same way?

Ans. It was impossible for the clearing house to know anything about it; so long as the collaterals were put up, we had to furnish the certificates.

349 Ques. You had no general interest in other banks?

Ans. No, sir; but these certificates answered them to pay their deposits.

By M'r Finney:

Ques. The subpœna in this case was served on the 19th November, 1873; state what amount of clearing-house certificates, issued to the New Orleans National Banking Association, had been redeemed at that time.

Ans. Up to the 19th of November there had been redeemed $129,000.

GEO. JONAS.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,

Commissioner of the Circuit Court of the United States.

NEW ORLEANS, *March* 15, 1875.

George Jonas recalled.

(Defendants offer in evidence the statement marked "J 1" to show the issues and dates of issues of clearing-house certificates to the New Orleans National Banking Association, and the redemptions and dates of redemptions of the same.

Also, all of the clearing-house certificates redeemed that are mentioned in said statement, marked "J 2" to "J 55," inclusive.)

Cross-examined by M'r Rouse:

350 Ques. How do you know that the dates of the redemption of the certificates as stated in the statement marked is correct?

Ans. Because it is entered in the book at the time that the redemptions took place—at these dates.

Ques. Who made the entry?

Ans. The entries were all made by Mr. Schneider.

Ques. You do not know yourself?

Ans. Yes, sir; I saw them. We were all three present when it was done.

Ques. During the suspension of the banks in 1873 were notes generally paid at maturity?

Ans. No, sir; not generally.

Ques. Extensions were generally granted?

Ans. People would come and either renew with the same securities, or pay a part, give other names, and extend.

Ques. How did you realize the money with which you redeemed the certificates?

Ans. By collections.

Ques. Altogether by collections?

Ans. No, sir; by collections and the sale—according to the statement sent you some time ago—of bonds and stock. The account shows that.

Ques. When were these bonds sold?

Ans. The account shows that. I cannot tell without referring to the books. You have the account.

Ques. You have reference to gold-bonds?

Ans. Yes, sir; that is the only bond, and probably some Slaughter-House bonds. I know they were sold remarkably well—at a great deal more than they are worth now.

351 Ques. Were they not sold after this suit was commenced, and after you had been served with the injunction herein?

Ans. I think not; the statement shows the date of the sale, which you have, showing the account.

Ques. You say I have such a statement?

Ans. Yes, sir.

Ques. How do you know I have such a statement?

Ans. Because it was sent here to M'r Cockrem.

Ques. Did you send him more than one statement?

Ans. Well, there may be two, but I recollect sending him a full and detailed statement.

Ques. You seem to have realized money very rapidly in the month of November from the collaterals which you got from the New Orleans National Banking Association; can you state how you realized that money?

Ans. Yes, sir; they had an excellent portfolio.

Ques. Was that money all realized by collections?

Ans. Nearly all.

Ques. Can you tell what particular notes were paid, if the statement was shown to you?

Ans. That is impossible, but the statement shows it.

Ques. Did you not keep an account of the collections made by you, showing the date of each collection?

Ans. Yes, sir, certainly; that account current shows it; how can an account current be made out to show otherwise when there is a credit of a collection that shows the date it was paid?

Ques. Can you produce a duplicate of that account current?

Ans. It will take me a long time to make it out, and all the book-keepers at it. It is in the bank, but it will take a week to make it out. M'r Cockrem has it.

352 Ques. Were any of these notes paid before maturity?

Ans. No, sir; I don't recollect one being paid before maturity.

Ques. Or any of them sold?

Ans. No, sir.

Ques. Or discounted with other banks?

Ans. Probably a gold note may have been discounted, but that is also stated in the account, two or three days before maturity.

Ques. Were all the other sums derived from the collections of notes or sale of bonds?

Ans. Yes, sir.

GEO. JONAS.

Subscribed and sworn before me March 15th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

NEW ORLEANS, *March* 16, 1875.

George Jonas, a witness for defendant, recalled for cross-examination.

By Mr. Rouse:

Ques. Examine Exhibit G, annexed to your answer in this case, and state whether or not that is the copy of the account current of which you spoke the other evening.

Ans. Yes, sir.

Ques. And state whether that is the document which you said it would take a week to make a copy of.

Ans. Yes, sir; that is it.

353 Ques. In this statement is noted a sale of $30,000 seven per cent. gold bonds, reported as being sold on the 17th November; what occasion was there for selling these bonds at that time?

Ans. Well, the trustees deliberated among themselves, and we came

to the conclusion that, as we had to realize in order to take up the certificates, we could not sell them at a better time.

Ques. They were considerably higher after that?

Ans. Not that I recollect.

Ques. Do you know that they were higher than the price you paid for them, after the maturity of the interest in January?

Ans. I do not know.

Ques. I notice also a report of a sale of $17,000 of Slaughter-House bonds on the 18th of November; what was the occasion for selling them?

Ans. To place us in funds to take up the certificates.

Ques. Were they not afterwards very considerably higher?

Ans. I believe they were.

Ques. Are they not yet much higher?

Ans. I do not know the market value now.

Ques. At the time of these sales had you not heard of this suit being instituted?

Ans. No, sir.

Ques. Did you not hear of the suit several days before the subpœna was served upon you?

Ans. No, sir.

Ques. Did you not hear that such a suit was to be brought?

Ans. I never heard until I got the notice.

354 Ques. At the time you delivered these certificates and received these assets, including these bonds, was there any act of pledge in your favor?

Ans. There is a notarial act of pledge.

Ques. You refer to the act of the 25th of September, 1873, the agreement between the banks?

Ans. Yes, sir.

Ques. There was no other act?

Ans. No, sir.

Ques. There was no act or pledge of these notes?

Ans. No, sir; no special act.

Ques. Were you authorized to sell these bonds without legal proceedings?

Ans. We considered we were.

Ques. Did you have any direct authorization to that effect?

Ans. No, sir; nothing more than the general notarial act.

Ques. That is all the authority you had in the premises?

Ans. That is the only authority which applied to all the banks.

Ques. Did your bank discount at maturity of any of these notes for the same parties?

Ans. What parties?

Ques. The parties whose notes you held.

Ans. I do not understand you.

Ques. At the maturity of these notes did the Canal Bank discount for the makers of such notes their notes?

Ans. Not that I know of, in a single instance.

Ques. I ask you did you discount for them on the date of the maturity of these notes?

355 Ans. How can I tell? Suppose John Chaffe & Co. had a note which fell due, and they came to have a discount, they would obtain it.

Ques. Then you cannot say whether——

Ans. We did not discount for the parties that took up any of them then.

Ques. Did you discount any of these notes on the date of maturity?

Ans. None of them that I know of.

Ques. Do you know whether the Germania Bank discounted on that date?

Ans. I do not know.

Ques. On the date of the maturity of any of these notes?

Ans. No, sir; I do not know of any bank doing anything to accelerate the payment of anything that matured then.

Ques. Were any of these notes discounted by the trustees of the clearing-house in banks or banking institutions and the money realized before the maturity of the note?

Ans. There is one note there, I believe; one of Hoffman, Marks & Co., $1,000 less the interest for seven days; and the note of John G. Spor for $1,049 less nine days' interest. These are the only two.

Ques. When were these notes discounted?

Ans. One was discounted on the 1st December, and the other on the 2d.

Ques. Did you discount a note of Webster & Co., a gold note, on the 12th November?

Ans. No, sir; that matured.

336 Ques. Did you discount a note of John I. Adams & Co.?

Ans. No, sir.

Ques. At the time you sold these bonds, did you not have knowledge that the New Orleans National Banking Association was in liquidation and that a receiver was in possession of its assets?

Ans. She had failed when we sold them.

Ques. Did you know that the banking association was in the hands of Mr. Cockrem, the receiver?

Ans. No, sir; not that I recollect. I do not think any receiver was appointed.

Ques. Did you not make a report to him on the 29th October, 1873, on a demand being made upon you by him?

Ans. Not that I remember. Yes, sir; I did.

Ques. You did, then, make a report to the receiver of the New Orleans National Banking Association on the 29th of October?

Ans. I do not know whether it was made to the receiver or not, but to somebody.

Ques. Did you not make such a report to him in consequence of a demand in writing from him?

Ans. I never saw it.

Ques. Asking what portion of the portfolio of the New Orleans National Banking Association you had in your possession?

Ans. I do not know.

Ques. And what claim you made thereto?

Ans. I have no recollection of having seen his written demand.

337 Ques. Did you consult with the receiver of the New Orleans National Banking Association in regard to the sale of the seven per cent. city gold-bonds or the slaughter-house bonds?

Ans. No, sir.

Ques. Did you make any report to him of such a sale?

Ans. No, sir.

GEO. JONAS.

Subscribed and sworn to before me March 16th, 1875.

F. A. WOOLFLEY,

Com'r of the Circuit Court of the U. S.

LOUIS SCHNEIDER, a witness produced and sworn on behalf of the defendants, deposes and says:

By M'r Finney:

Ques. You are one of the defendants in this suit, and one of the trustees appointed by the associated banks?

Ans. I am.

Ques. Please state what was the general financial situation at the time of the suspension of the banks of New Orleans in September, 1873.

Ans. The suspension of the banks of New Orleans was the result of the suspension in New York, and the balance of trade was against New Orleans at that period. We had not yet gathered our crops.

Ques. There is intimate commercial relations between New York and New Orleans?

Ans. The bulk of our business is done through New York.

358 Ques. New York is the financial center for New Orleans?

Ans. Yes, sir; for our trade with the West.

Ques. Will you state whether at the time exchange was obtainable in New Orleans?

Ans. It was barely obtainable.

Ques. Will you state whether, in the condition of things at that time, it was possible for the banks of New Orleans to continue to pay currency unless they had a dollar of currency for every dollar of liability?

Ans. It was impossible for them to do it, because there was a daily drain from New York and the West for every dollar they had, and it was reduced to a nominal sum.

Ques. Was there any supply of it?

Ans. No, sir; there was no possible way of getting it except at an enormous sacrifice.

Ques. Are you able to state what amount of these clearing-house certificates issued by the trustees to the New Orleans National Banking Association had been taken up on the service of the subpœna in this case on the 19th November, 1873?

Ans. To the best of my recollection, $1:9,000.

Ques. State how, after the suspension, the banks of New Orleans, those that were members of the clearing-house, settled with their depositors?

Ans. If a depositor called upon a bank with a check that check was certified, and it found its way back into any other bank; it went through the clearing-house.

Ques. The checks drawn by depositors, I understand you, were certified by the banks on which they were drawn, and came into the clearing-house next morning?

359 Ans. Yes, sir.

Ques. What was the mode of settlement in the clearing-house?

Ans. The checks on each bank were put in a sealed envelope with the name of the bank on the outside of it.

Ques. You mean each bank sent its checks on each bank in the separate envelope of that bank?

Ans. Yes, sir; the debtor banks were drawn upon by check of the manager of the clearing-house in favor of the creditor banks

Ques. Suppose now as between your bank, the Germania, and the Citizens' Banks that you were a creditor of $10,000, and suppose upon a general settlement of the banks you were a creditor for the $10,000, would you get a check for that amount upon the Citizens' Bank, or some other debtor banks?

Ans. It would not follow that we would get a check on the Citizens' Bank, but on any other bank.

Ques. That is to say you were not paid off by check upon the bank that was your particular debtor, but upon the banks generally debtor, as suited the convenience of the manager?

Ans. Yes, sir; precisely.

Ques. Were you president of the Germania National Bank?

Ans. I was and am still.

Ques. You have been so how long?

Ans. About five years.

Ques. Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of 1873, until it finally stopped altogether?

Ans. Her condition was generally supposed to be very good,
360 from the fact that the Germania Bank purchased from the month of May—May 2d until September 13, 1873—about $700,000 in exchange from the New Orleans National Banking Association, and if we had supposed there was anything wrong we should not have taken any risk. I will add also that, as an individual stockholder of one hundred shares in the New Orleans National Banking Association, if anything had been wrong to my knowledge I should have sold out.

Cross-examined by M'r Rouse:

Ques. What was the last purchase that you made of the New Orleans National Banking Association?

Ans. It was on September 13, 1873, $20,000.

Ques. Most of the purchases which you named were in the month of May, were they not?

Ans. Yes, sir; in May. In September we bought $70,000.

Ques. Had you never heard any rumors affecting its solvency during the summer of 1873?

Ans. In June, I believe. On the 1st of June, 1873, M'r Cavaroc called on me to lend him some assistance for his bank. I refused to do it, but made a loan to the Mutual Insurance Association, of which he was president.

Ques. Why did you refuse to loan to the bank when you were willing to make the loan to the insurance association?

Ques. Because the insurance association gave us a mortgage upon its buildings, and we did not care to take individual papers as collateral.

Ques. Were you present at a meeting of bank presidents on the 1st of June, called by M'r Cavaroc?

361 Ans. Yes, sir.

Ques. What took place in the building?

Ans. In the office of the insurance association?

Ques. Was it not the directors' room of the banking association as well?

Ans. No, sir.

Ques. Do not the directors of the banking association meet in that room?

Ans. That I cannot say. They may meet there, but I don't know; I have never been there.

Ques. M'r Cavaroc submitted at that meeting the tickler of the bank and its statement-book also?

Ans. I have no recollection.

Ques. You went with M'r Cavaroc also to see M'r Jonas about getting the loan, did you not, just prior to this meeting?

Ans. I have no recollection of having done so.

Ques. What other banks did you call upon in company with M'r Cavaroc, or by yourself, on the subject of advancing money to the banking association?

Ans. I do not believe I called on any one, but met several bank presidents on the first of June in M'r Cavaroc's insurance office.

Ques. Did not your bank, in addition to the loan to the insurance association, discount some portion of the portfolio of the New Orleans National Banking Association?

Ans. No, sir.

Ques. Did you not, early in June, discount a note of the city of New Orleans, which had but a week to run, for account of the New Orleans National Banking Association?

362 Ans. Yes, sir; I did. I remember.

Ques. Then you are mistaken when you say you did not discount any portion of the portfolio?

Ans. Yes, sir; that was the only exception.

Ques. What was the amount of that note?

Ans. Either $25,000 or $30,000. And I will state why that was discounted. I was administrator of finance for the city of New Orleans, and was aware that that note could not be paid at maturity, and therefore I asked the directors of the Germania Bank to carry it beyond its maturity.

Ques. Knowing that the New Orleans National Banking Association was unable to carry it, and it would require payment?

Ans. Well, I had promised M'r Cavaroc faithfully, when he made me the loan, to pay him at maturity, and therefore it was a matter of honor to relieve him of it.

Ques. Did you ask him for an extension of it?

Ans. I did not.

Ques. That in addition to the loan made to the insurance association for the benefit of the banking association, in June, did you know that the banking association was borrowing large amounts in other ways?

Ans. I learned from hearsay. I know nothing positively.

Ques. State what you heard.

(M'r Finney, for defendant, objects to hearsay.)

Ans. I learned, or heard, that M'r Cavaroc had pledged a portion of the portfolio of the bank to bankers in New York—Schuchardt & Sons.

Ques. Who did you hear this from?

Ans. Well, that I cannot say.

363 Ques. Did you hear it in financial circles?

Ans. Yes, sir. I may have heard it from M'r Cavaroc himself.

Ques. Did you learn of his discounting a considerable portion of his portfolio with the other banks of New Orleans?

Ans. No, sir.

Ques. Did you know of his borrowing $150,000 from the National Park Bank of New York?

Ans. No, sir.

Ques. Did you know of his discounting a portion of his portfolio with the Mutual National Bank, or the Bank of America?

Ans. No, sir; I learned these things afterwards. I knew nothing at the time.

Ques. During the summer of 1873?

Ans. No, sir; but since the failure of the bank, when these matters were made public.

Ques. When did you first become aware of the failure of the New Orleans National Banking Association?

Ans. On the evening of its failure, the 4th of October, 1873.

Ques. Did you redeem any certificates which had been issued to it after that knowledge came to you?

Ans. We redeemed certificates up to the time when we were enjoined from doing so.

Ques. What amount had you redeemed then?

Ans. I believe it was $129,000.

Ques. How much was redeemed when you were served with the injunction in this case?

Ans. I cannot state that without refreshing my memory.

364 Ques. Did you redeem any between the service of the subpœna and the injunction in this case?

Ans. M'r Jonas had the matter entirely in his hands, as I had other important matters occupying me at that time.

Ques. Then you answer, you don't know?

Ans. I do.

Ques. Did you redeem any certificates before you knew of the failure of the bank?

Ans. I think not.

Ques. Did all three of the committee know of the failure at the same time?

Ans. I suppose they did.

By M'r Beckwith:

Ques. Did you know of the fact that this bill was filed before the service of the subpœna on you?

Ans. You stated it to me personally.

Ques. Two or three days before?

Ans. Yes, sir; a few days before.

LOUIS SCHNEIDER.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

365 PATRICK IRWIN, a witness produced and sworn on behalf of the defendants, deposes and says:

By M'r Finney:

Ques. You are president of the Hibernia National Bank?

Ans. Yes, sir.

Ques. And have been president of that bank for how many years?

Ans. For four years.

Ques. You are one of the defendants in this suit?

Ans. Yes, sir.

Ques. Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of 1873, and whether you had any dealings with that bank.

Ans. I bought a great deal of exchange from time to time from that bank; I bought it a day or two before they stopped.

Ques. You mean a day or two before the 4th of October, or the suspension?

Ans. Before the bank suspended—before the 4th of October.

Ques. You would not buy exchange of them if you thought they were not good?

Ans. No, sir; I thought her really good until the last day. The last day they cleared intimating they were weak. They cleared by selling exchange, and they did not come in after that.

Cross-examined by M'r Rouse:

Ques. You bought the exchange in settlement of your business?

366 Ans. No, sir.

Ques. They were not owing to you?

Ans. No, sir; we just took the checks to the manager, and they were paid regularly.

Ques. You purchased the exchange to enable them to make their clearings?

Ans. No, sir; on the last day they did not come in with anything to put up. On the last day the president came in.

Ques. Whom did you buy the exchange on just before the failure?

Ans. I forget now, indeed; we drew on New York.

Ques. What was the amount of it?

Ans. I don't recollect now, but we bought almost without restriction, $20,000 or $30,000.

Ques. But about three or four days before the failure, how much did you buy?

Ans. I don't know; but I bought from them the same as I would from any other bank. The Citizens' Bank in the same manner they stopped, and I bought $10,0000 from them the day before they stopped.

Ques. Were you present at a meeting of bank presidents called by M'r Cavaroc in June?

Ans. No, sir; I was not.

Ques. When you speak of their being weak and obliged to sell exchange on the last day, do you mean the last day that they cleared at the clearing-house?

Ans. Yes, sir; the only intimation I had was when M'r Cavaroc came in that night at the meeting. He was explaining at the meeting that he was rich; that his house was rich, and that he was surprised to see parties refuse to buy his exchange. He stated that his house

367 was worth something about $130,000 or more, and was surprised that his exchange would not be discounted. That was the first intimation we had, and he did not come in the next day. Finally, after that they failed, but we had confidence in his bank at the time.

PATRICK IRWIN.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

368 EXHIBIT DEARMAS 1.

List of notes securing drafts for 250,000 fr's at 60 a. s. on Seignouret Frères, of Bordeaux.

	DUE.		
T. A. Lyons & J. H. Bass	Jan. 4, 1874	$3,289 82	
Jno. Williams & Son	Dec. 19, 1873	11,995 83	
P. S. Wiltz & Co	Dec. 14, 1873	6,250 00	
P. S. Wiltz & Co	Dec. 12, 1873	6,250 00	
A. Lastrapes	Dec. 7, 1873	6,250 00	
Levy & Hass	Nov. 30, 1873	247 07	C. H. 3
Smith & Goldsmith	Nov. 29, 1873	25,000 00	C. H. 3
Tho's Schorr	Nov. 20, 1873	750 00	C. H. 3
		$60,032 72	

EXHIBIT CAVAROC G.

Translation.

Not more than £10 M per week on Hambro.
Not more than f. 200 M per week on first Parisian bankers.
As many commercial bills as shall be desired, we reserving the privilege (both in the interest of the bank and in ours) to limit the amounts on any one house when the bank forwards.
Bills of the bank on third parties, (Havre, Bordeaux, Marseilles, &c., &c.)
It (the bank) must deposit in the hands of Mess'rs C. C. & Son, in trust, securities, to remain until the acceptance or the payment, should we deem proper to await the payment.
Ligne of Seignouret f. 500 M for bank & C. C. & Son.

369 EXHIBIT CAVAROC H.

March 20, 1875.

NEW ORLEANS, *September* 19, 1873.

Mess'rs F. SCHUCHARDT & SONS, *New York:*

GENTLEMEN: We confirm to you ours of this morning. The writer must apologize for not having written sooner in order to advise you of the bills which we have received and which we hold in trust for you against the 250,000 francs (two hundred and fifty thousand) which the New Orleans National Banking Association has drawn upon you on the 17th instant, to wit:

T. A. Lyons and J. H. Bass, due Jan. 4, '74	$3,289 82
John Williams & Sons, Dec. 9, '74	11,995 83
P. S. Wiltz & Co	6,250 00
Do	6,250 00
A. Lastrapes	6,250 00
Levy & Haas	247 07
Smith & Goldsmith	25,000 00
Tho's Schorr	750 00
Total	$60,032 72

Your devoted,
(Signed) C. CAVAROC & SON.

(Copy.)

370 DERUYTER 1.

(Copy.)

Exchange for f'cs 50,000.

622. No. 598.] [7 December.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE,
Cashier.

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

No. 289.

(Across the face, in red :)

Ne varietur.
[SEAL OF COLOMBIER.]
Received three hundred francs.
(Signed illegibly.)
09.470 D.
[SEAL OF SCHUCHARDT & SONS.]
Recorded in Paris, 2nd bureau, December 10th, 1873, fol. 113, v. c. 1.
Received three hundred francs.
[SEAL.] (Signed illegibly.)

371 (Endorsed :)
Pay to the order of Mess'rs W. Kinen & Company, value in account. New York, September 24, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

No. 9619.

Approved at the stamp office in Paris, 2d bureau, October 7th, 1873.
Received fifty francs centimes.
(Signed) LEPAGE. [SEAL.]

Translation.

Exchange for fr's 50,000.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE,
Cashier.

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

No. 289.

(Endorsed :)
Pay to order of Mess'rs W. Kinen & Co., value in account. New York, 24th September, 1873.
(Signed) F. SCHUCHARDT & SONS.

372 Original.

In the year eighteen hundred and seventy-three, on the 8th day of October, at the request of Mess'rs Piganeau & Sons, bankers, residing in Bordeaux, Esprit des Lois street, No. 4, acting for the purpose of demanding the acceptance of above-copied bill of exchange, I, the undersigned, Francis Beauvais, executive officer in civil matters in the district of Bordeau', residing on Cancera street, No. 48, have called upon and summoned Mess'rs Seignouret Brothers, residing in Bordeaux, Cours du Pavé des Chartrons, 28, to at present examine and accept the draft to order of fifty thousand francs, duly stamped, a copy whereof is transcribed above, together with the costs of these presents and all other legitimate charges. At their said domicil I found their clerk, who

so declared himself to be, who replied that Mess'rs Seignouret Brothers were absent, but that, the drawers having suspended payment, and they not being covered, refuse to accept and even to recognize said bill of exchange. Being requested to sign his answer, he replied that it was not necessary. Accordingly, and considering the non-acceptance of said draft, I have protested the same as against all whom it doth or may concern.

And I have left with the above-named party copies of the said bill, of the orders endorsed thereon, and of these presents.

(Signed) BEAUVAIS.

[Stamp.]

Costs, five francs thirty centimes.

For duplicata.

[SEAL OF OFFICER.] (Signed) BEAUVAIS.

Recorded in Bordeaux, October 19th, 1873, fo. , v. c. .
Received one franc 20 centimes, tithe included.

373	Original and copy	1f. 60c.
	Copy of draft	75
Stamp on protest		1 20
Stamp of register		55
Registering		1 20
		5f. 30c.

Signature of M'r Beauvais, executive officer in civil matters, (huisser,) certified genuine by us, judge of the tribunal of first instance at Bordeaux, delegated by the president.

Bordeaux, October 4th, 1873.

[L. S.] (Signed) ERNEST FARE.

Exchange for f'cs 50,000.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*
No. 290.

(Endorsed:)

Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, 24 September, 1873.

(Signed) F. SCHUCHARDT & SONS.

374 **Original.**

In the year eighteen hundred and seventy-three, on the 8th day of October, at the request of Mess'rs Piganeau & Son, bankers, residing in Bordeaux, Esprit des Lois street, No. 4, acting for the purpose of demanding the acceptance of above-copied draft, I, the undersigned, Francis Beauvais, (huissier,) executive officer in civil matters in the district of Bordeaux, residing on Cancera street, No. 48, have called upon and summoned Mess'rs Seignouret Brothers, residing in Bor-

deaux, Cours du Pavé des Chartrons, 28, to at present examine and accept the bill of exchange to order of fifty thousand francs, duly stamped, together with the costs of these presents and all other legitimate charges. At their said domicil we found their clerk, who so declared himself to be, who replied that Mess'rs Seignouret Brothers were not present, but that, the drawers having suspended payment, and they not being covered, refuse to accept and even to examine the said draft. Being requested to sign his answer, he replied that it was not necessary. Accordingly, and considering the non-acceptance of said bill of exchange, I have protested the same as against all whom it doth or may concern.

And copies of the said draft, of the orders endorsed thereon, and of these presents were by me left with the aforenamed party.

Costs, five francs thirty centimes.

[Stamp.]

(Signed) BEAUVAIS.

For duplicata.

[SEAL.] (Signed) BEAUVAIS.

375	Original and copy		1f. 60c.
	Copy of draft		75
Stamp on protest		1	20
Stamp of register			55
Registering		1	20
			5f. 30c.

Signature of M'r Beauvais, (huissier,) executive officer in civil matters, certified genuine by us, judge of the tribunal of first instance, at Bordeaux, delegated by the president.

Bordeaux, October 4th, 1873.

[SEAL.] (Signed) ERNEST FARE.

Translated from English.

[SEAL OF HASENFELD, TRANSLATOR.]

[Stamp.]

(1st document.)

NEW ORLEANS, 17*th September*, 1873.

B. P. f. 50,000. Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge to account.

(Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

Pay to the order of Mess'rs W. Kinen & Co., value in account. New York, 24th September, 1873.

(Signed) F. SCHUCHARDT & SONS.

376 (2d document.)

NEW ORLEANS, 17*th September*, 1873.

B. P. f. 50,000. Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt &

Sons fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

Pay to the order of Mess'rs W. Kinen & Co., value in account. New York, September 24th, 1873.

(Signed) F. SCHUCHARDT & SONS.

I, the undersigned, a duly-sworn translator, certify that the foregoing is a true and correct translation of the original hereto annexed, which I have paraphed ne varietur.

Paris, December 8, 1873.

(Signed) CH'S HASENFELD.

Exchange for fr's 50,000.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, 17th September, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, of Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

No. 289.

(Endorsed:)

Pay to the order of Mess'rs W. Kinen & Co., value in account. New York, 24th September, 1873.

(Signed) F. SCHUCHARDT & SONS.

377 Original.

In the year eighteen hundred and seventy-three, and the 8th day of October, at the request of Mess'rs Piganeau & Son, bankers, residing at Bordeaux, Esprit des Lois street, No. 4, for the purpose of demanding the acceptance of the above-transcribed draft, I, the undersigned, Francis Beauvais, (huisser,) executive officer in civil matters for the district of Bordeaux, residing on Cancera street, No. 48, have called upon and summoned Mess'rs Seignouret Brothers, residing in Bordeaux, Cours du Pavé des Chartrons, 28, to at present examine and accept the bill to order of fifty thousand francs, duly stamped, a copy whereof is transcribed above, together with the costs of these presents and all other legitimate charges, at their said domicil. I found their clerk, who so declared himself to be, who replied that Mess'rs Seignouret Brothers were not present, but that, the drawers having suspended payment and they not being covered, refused to accept and even to examine the said bill. Being requested to sign his answer, he replied that it was not necessary. Accordingly, and by reason of said draft not being recognized and accepted, I have protested the same as against all whom it doth or may concern.

And we have left with the aforenamed party copies of the said draft, of the orders endorsed thereon, and of these presents.

[Stamp.]

Costs: Five francs 30 centimes.

[SEAL.] (Signed) BEAUVAIS.

Recorded in Bordeaux, October 9th, 1873, fo. 160, v. c. x.

Received one franc twenty centimes, tithe included.

378	Original and copy	1f. 60c
	Copy of draft	75
Stamp on protest		1 20
Stamps of register		55
Recording		1 20
		5f. 30c.

(Endorsed:)

To Mess'rs Piganeau & Son, against Mess'rs Seignouret Brothers:

Amount of bill exchange		50,000 00
Recording same	300	
Cost of protest	5 30	
Translation and stamp	4 60	
Vacation	2 00	
		311 90
		50,311 90

Exchange for fr's 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROS., *Bordeaux.*
No. 289.

Recorded in Bordeaux, October 9th, 1873, fo. 170, v. c. 3.
Received three hundred francs.
(Signed illegibly.)

379 (Endorsed:)

Pay to the order of Mess'rs W. Kinen & Co. value in account. New York, 24th September, 1873.
(Signed) F. SCHUCHARDT & SONS.
No. 9619.
Approved at stamp-office at Paris, 2d bureau, October 7th, 1873. Received fifty francs centimes.
(Signed) LEPAGE. [SEAL.]

A true translation of the original written in English, which I have paraphed.
BORDEAUX, *October 8th*, 1873.
[SEAL.] (Signed) TH. COLOMBIER.

Stamp	60
Translat'n	4
	4 60

Solvit.

TH. COL.

250
50
300

380 DeRUYTER 2.

No. 600.

Recorded from translation at Bordeaux, October 11, 1873, fo. 183, vol. C, 8. Taxes collected, 300 francs.
(Signed illegibly.)

Exchange for f'cs 50,000.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE, *Cashier.*
To Messrs. SEIGNOURET BROTHERS, *Bordeaux.*
No. 291.
(Across the face in red:)
Ne varietur.
[SEAL.] TH. COLOMBIER.
Schuchardt & Sons, 22,054.
(Erased:) 9,355.

381 Protested for non-acceptance October 9th, 1873.
(Endorsed:)
Pay to the order of Mess'rs Mallet Brothers & Co, value in account.
New York, Sept. 24, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

Protest for want of acceptance.

BORDEAUX, *October* 11, 1873.

Slip annexed to original draft.
Protest for want of payment.
Mess'rs Mallet Brothers & Co.
Capital F.

Costs	5 30
Letters	60
Total f	5 90

F. Samazeuilh & Sons.
(Across the face in red:) Jf. 1120.

Exchange for f'cs 50,000.

[Stamp.]
THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*
To Messr's SEIGNOURET FRÈRES, *Bordeaux.*
No. 291.

(Endorsed:)
Pay to the order of Mess'rs Mallet Brothers & Co., value in account.
New York, September 24, 1873.
(Signed) F. SCHUCHARDT & SONS.

382 A true translation of the original written in the English language, which I have paraphed ne varietur.
Bordeaux, October 9th, 1873.
(Signed) TH. COLOMBIER.

Protest.

In the year eighteen hundred and seventy-three, the 9th day of December, at the request of Mess'rs Mallett Brothers & Co., bankers, residing in Paris, which they elect, having their domicil at Bordeaux, at Mess'rs F. Samazeuilh & Son, Porte Dijeaux street, No. 14, I, the undersigned, John Peter Duplantier, (huissier,) executive officer in civil matters in the district of dordeaux, and there residing on S't Renis street, No. 17, have called upon and demanded of Messr's Seignouret Brothers, merchants, at the indicated domicil at Bordeaux, No. 28 Cours du pavé des Chartrons, the payment of above-copied bill of exchange of the sum of fifty thousand francs, protested for want of acceptance on the 9th day of October last, together with the costs of this present act and all other legitimate charges; and they replied that as they were not indebted to the drawers they refused to pay said draft; that said drawers, at all events, had suspended payment. Being asked to sign their answer, they also refused. In consequence whereof, and considering the non-payment of said draft, I have protested the same as against all whom it doth or may concern, as required in such case; and of these proceedings as well as of the said draft I have left a copy with the aforenamed parties.
Cost, five francs 30 centimes.
(Signed) DUPLANTIER.

Recorded at Bordeaux, 10th December, 1873, fo. 10, v. c. 7.
Received, one franc 20 centimes.
I say December.
(Signed) L. LOLIER.
120.

383 (Endorsed:) Due October 9th, 1873. Mess'rs Mallet Brothers & Co. against Mess'rs Seignouret Brothers. Protest for non-payment, 5.30.

Exchange for fr's 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURT BROTHERS, *Bordeaux.*
No. 291.

(Endorsed:)
Pay to the order of Mess'rs Mallet Brothers & Co., value in account. New York, September 24, 1873.
(Signed) F. SCHUCHARDT & SONS.

A true translation of the original written in English, which I have paraphed ne varietur.
(Signed) TH. COLUMBIER. [SEAL.]

Stamp	60
Translation	4
	4 60

Received payment.
TH. COL.

384 Recorded in Bordeaux, October 11, 1873, fo. 173, vo. C. 8.
Received three hundred francs, double tithe included.
(Signed illegibly.)

50,000
25,000
25,00
25,00
300,000

Exchange for fr's 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE, *Cashier.*
To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*
No. 291.

(Endorsed:)
Pay to the order of Mess'rs Mallet Brothers & Co., value in account. New York, September 24, 1873.
(Signed) F. SCHUCHARDT & SONS.

A true translation of the original in the English language, which I have paraphed ne varietur.
(Signed) TH. COLOMBIER.

385 Protest.

In the year eighteen hundred and seventy-three, the 9th day of October, at the request of Mess'rs Samazeuilh & Sons, bankers in Bordeaux, and there residing, at No. 14 Porte Dijeaux street, acting as bolders of the above draft, to demand its acceptance, I, the undersigned, Jno. Peter Duplantier, (huissier,) executive officer in civil matters in the district of Bordeaux, and audiencier of the tribunal of commerce of said city, there residing, at No. 17 S't Renis street, have called upon and summoned Mess'rs Seignouret Brothers, merchants, at the indicated domicil at Bordeaux, Cours du Pavé des Chartrons, No. 28, and then and there addressing myself to them personally, I demanded the acceptance of above-copied

draft, amounting to fifty thousand francs, together with the costs of these presents and all other legitimate charges. They answered that they would not accept said draft, as they owed nothing to the drawers, who had suspended payment. Being asked to sign this agreement they declined.

In consequence whereof and by reason of the non-acceptance of said draft, I have protested the same as against all whom it doth or may concern, as required in such case. And of these proceedings, as well as of the said draft, I have left a copy with the parties above named.

Cost : eleven francs, ninety centimes.

[SEAL.] (Signed) DUPLANTIER.

Stamp	1 75
Recording	1 20
Original & copy	1 60
Copies	75
	5 30
Translat'n	4 60
Vacation	2
	11 90

Recorded in Bordeaux, October 11, 1873, fo. 271, v. c. 10.
Received one franc 20 centimes.
(Signed illegibly.)

(Endorsed :)
Due October 9th, 1873.
Mess'rs Samazeuilh & Sons against Mess'rs Seignouret Brothers.

386	Protest and translation	11f. 90c.
	Recording of title	300
		311f. 90c.

Printed slip annexed :
Protest on account of non-acceptance.
Mess'rs Mallet Brothers & Co.
Capital—

Costs	311 90
Letters	60
	F 312 50

387 DERUYTER 3.

March 31, 1875.

62. No. 599.] Exchange for f'cs 50,000. [7 December

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier*.

To Messrs. SEIGNOURET BROTHERS, *Bordeaux*.
No. 290.

(Across the face, in red:)

Ne varietur.

[SEAL.] (Signed) TH. COLOMBIER.

Recorded in Bordeaux, October 9, 1873, fo. 120, R. C. 3.
Received three hundred francs by duplicate.
(Signed illegibly.)
09.480. D.
Schuchardt & Sons. 22. 153.
Recorded in Paris, 2nd bureau, December 10. 1873, fo. 113, vo. C. 2.
Received three hundred francs centimes.

D. C.

(Signed illegibly.)
[SEAL. 2ND BUREAU.]

388 (Endorsed:)

Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, September 24, 1873.

(Signed) FRED'K SCHUCHARDT & SONS.

No. 9518. Approved at stamp office in Paris, 2nd bureau, October 7, 1873.
Received fifty francs — centimes.
(Across the face, in red:) Ne varietur.
(Signed) CHA'S HASENFELD.

Exchange for f. 50,000.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SIEGNOURNET BROTHERS, *Bordeaux.*
No. 290.

(Endorsed:)
Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, 24th September, 1873.

(Signed) F. SCHUCHARDT & SONS.

389 Original.

In the year eighteen hundred and seventy-three, and the 8th day of October, at the request of Mess'rs Piganeau & Son, bankers, residing at Bordeaux, Esprit des Lois street, No. 4, acting for the purpose of demanding the acceptance of the above transcribed bill, I, the undersigned, Francis Beauvais, (huissier,) executive officer in civil matters in the district of Bordeaux, residing at No. 48 Cancera street, have called upon and summoned Mess'rs Seignouret Brothers, residing in Bordeaux, Cours du Pave des Chartrons, No. 28, to at present examine and accept the draft to order of fifty thousand francs, duly stamped, of which a copy is transcribed above, together with the costs of these presents and all other legitimate charges. At their said domicil' I found their clerk, who so declared himself to be, who made answer that Mess'rs Seignouret Brothers were not present, but that, inasmuch as the drawers had

suspended payment, and they were not covered, they refuse to accept the same and even to examine said bill; being requested to sign his answer, he replied that it was unnecessary.

Accordingly, and refusing the refusal to recognize and accept said draft, I have protested the same as against all whom it doth or may concern.

And we have left with the above-named party copies of said draft, orders endorsed thereon, and of the present act.

Charges, 5 francs 30 centimes.

[SEAL.] (Signed) BEAUVAIS.

[Stamp.]

Recorded in Bordeaux October 9, 1873, fo. 160, v. c. 3.
Received one franc twenty centimes, tithe included.
(Signed illegibly.)

390	Original and copy	1f. 60c.
	Copy of bill	75
	Stamps on protest	1 20
	Stamp of register	56
	Recording	1 20
		5f. 30c.

(Endorsed:)
Due October 8th, 1873.
For Messrs. Picandeau & Son, against Messrs. Seignouret Brothers:

Amount of bill		50,000 00
Recording of same	300 00	
Cost of protest	5 30	
Translation and stamp	4 60	
Vacation	2 00	
		311 90
		50,311 90

Exchange for frs. 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION.

NEW ORLEANS, *September 17th*, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Messrs. F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

[SEAL.] (Signed) HENRY BLACHE, *Cashier*.

To Messrs. SEIGNOURET BROTHERS, *Bordeaux*.

No. 290.

391 (Endorsed:)

Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, 24th September, 1873.

(Signed) F. SCHUCHARDT & SONS.

No. 9618. Certified duly stamped at Paris, 2d bureau, October 7th, 1873.

Received fifty francs — centimes.

(Signed) LEPAGE. [SEAL.]

A true translation of the original in the English language, which I have paraphed "ne varietur."
Bordeaux, October 8th, 1873.
[SEAL.] (Signed) TH. COLOMBIER.

Stamp	60
Translat'n	4
Total	4 60

Rec'd payment.
(Sig.) TH. COL.

Recorded in Bordeaux October 9th, 1873, fo. 1702, v. 2.
Received three hundred francs.
(Signed) illegibly.)
250
50
300

No. 479.3
480.3 D.
Approved by the tribunal and copy received O. 7.
[Stamp.]

Translated from English.

(First document.)

NEW ORLEANS, *September* 17, 1873.

B. P. F. 50,000f.

392 Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*
To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, September 24, 1873.
(Signed) F. SCHUCHARDT & SONS.

(Second document.)

NEW ORLEANS, 17 *September*, 1873.

B. P. F. 50,000.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE, *Cashier.*
To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*

Pay to the order of Mess'rs W. Kinen & Co., value in account, New York, September 24, 1873.
(Signed) F. SCHUCHARDT.

Search protest.

I, the undersigned, a duly sworn translator, certify that the foregoing is a true and correct translation of the original hereto annexed, which I have paraphed "ne varietur." Paris, December 8th, 1873.

(Signed) CH'S HASENFIELD.

393 On the face of the first draft there is written the following:

Recorded in Bordeaux October 9th, 1873, folio 120, vo. C. 2.
Received three hundred francs by duplicata.

(Signed) THE RECEIVER.

On the face of the second draft are written the following words:

Recorded in Bordeaux October 9th, 1873, folio 120, vo. C. 3d.
Received three hundred francs by duplicata.

(Signed) THE RECEIVER.

In the year eighteen hundred and seventy three, on the sixth day of December, at the request of Mess'rs W. Kinen & Co., bankers, residing in Paris, Grammont street 28, I, the undersigned, Louis John Joseph Marquet, (huissier,) executive officer in civil matters for the civil tribunal of the Seine, holding sessions in Paris, and residing on Vivienne street, No. 31:

For the purpose of demanding of Mess'rs Seignouret Brothers, drawees of above-described drafts, payable in Paris, without indication of domicil, the payment of the sum of one hundred thousand francs, amount of the two drafts which have been protested at Bordeaux, for our acceptance, through the ministry of M'r Beauvais, civil officer at Bordeaux, under date of 9th October last past:

And whereas the domicil and place of payment of said drafts in Paris were not stated, have enquired of the place where they were to be paid, and to that end have proceeded in the following manner:

394 I called at the Bank of France, at the principal bankers and merchants of the city of Paris, then at the office of the administration-general of the post-office, and lastly at the bourse (exchange) during its business hours, and at the aforementioned places, addressing myself to the divers bankers, merchants, exchange brokers, commercial brokers, clerks, cashiers, collectors of bankers, and other persons, upon whom I successively called, and having exhibited the said drafts to them and summoned them to pay me the amount thereof, they all replied that the drawees as well as the place of payment of said drafts were unknown to them, and that they had no funds to pay them with.

And whereas it is moreover to my knowledge that Messrs. Seignouret Brothers had the habit to place the drafts in which they are concerned, payable in Paris, either at the office of the Crédit Mobilier, Place Vendome 15, or at M'r Allard', money changer, 12 Exchange Place, or at M'r Marcuard André, banker, 31 Lafayette street, or at M'r Davillier, banker, Fourth of September street 12, and lastly at the Accounts Current, Opera Place 2, I proceeded to these different places and addressed myself to the cashiers of these respective houses, who, after I had made the same summons and exhibition as recited above, replied that they had no funds to pay the said drafts, and that they could give me no information as to their place of payment.

In consequence of these answers, and for the reasons stated above, I have drawn this proces verbal of researches for the benefit of whomsoever it may concern.

395 The above-named parties having been requested to sign their answers, and declining, I have protested the said drafts; and whereas the domicil of aforenamed parties is unknown to Messrs. W. Kinen & Co., and to me, the officer executing these presents, I have published the same according to law and lodged a copy of this act with the attorney of the republic for the civil tribunal of the Seine, in his office, where I reported to one of his assistants, who has approved the same.

Cost, nineteen francs 40 centimes.

(Signed) MARQUET.

[Stamp.]

Original and copy		5
Copy		1 25
Copy of draft		50
Seal		1
Stamp, original and copy		3 60
Recording		1 20
Transcription		75
Stamp of reg. and rec		70
		14 00
Copy and translation		3
Extra copy of drafts		2 40
		19 40
(Endorsed:) W. Kinen & Co.		
Protest		19 40
Translation		7 60
Total		27 00
Capital		100,000
Grand total		100,027

Recorded in Paris 10th December, 1873, fo. 83, v. c. w.
Received one franc 20 centimes.
(Signed illegibly.)

396 DE RUTYER 4.

No. 601.] Exchange for f'cs 50,000. [9 December. 10 December.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

To Messrs. SEIGNOURET BROTHERS, *Bordeaux.*
No. 291.

(Across the face, in red:)

Ne varietur.

[SEAL.] TH. COLOMBIER.

[Stamp.]
19.307.

Recorded by duplicata at Bordeaux October 14, 1873, fo. 178, vo. c. 3.
Received three hundred francs.
(Signed illegibly.)
Schuchardt & Sons. 22.051.

(Endorsed:)
397 Pay to the order of Nathaniel Cohen, esq., value in account, New York, Sept'r 24, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.
[Stamp.]

Protest made in Bordeaux for want of acceptance, October 14, 1873.
(Signed illegibly.)

Translation.

Exchange for fr's 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, 17 *September*, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier*.
To Mess'rs SEIGNOURET BROTHERS, *Bordeaux*.
No. 293.

(Endorsed:)
Pay to the order of Nathaniel Cohen, value in account.
New York, September 24, 1874.
(Signed) FRED'K SCHUCHARDT & SONS.

398 Pay to order of Mess'rs Lafargue & Co., receiver, cash, London, December 1, 1873, pp. Nathaniel Cohen.
(Signed illegibly, follows receipt.)

Protest.

In the year eighteen hundred and seventy-three, on the 11th day of December, at the request of Mess'rs A. Lafargue & Co., bankers, residing and domiciliated in Bordeaux, at No. 2 Place des Quinconces, I, the undersigned, John Peter Cambon, (huissier,) executive officer in civil matters in the district of Bordeaux and audiencier for the tribunal of first instance of said city, and residing at No. 4 Exchange street, have called upon and summoned Mess'rs Seignouret Brothers, at the indicated domicil at Bordeaux, No. 28 Cours du Pavé des Chartrons, and then and there, addressing myself to them in person, demanded the payment of the above-copied bill of exchange, together with the costs of these presents and all other legitimate charges, whereupon they answered that they would not pay said draft as they had received no funds nor instructions from the drawers. Being asked to sign their answer, they declined so to do.

Accordingly, and for want of payment of said draft, I have protested the same as against all whom it doth or may concern as required in such case.

And of the proceedings as well as of the above-described draft I have left a copy with the aforementioned parties. Cost five francs 30 centimes.

(Signed) CAMBON.

Stamp	1 75
Recording	1 20
Original & copy	1 60
Copies	75
	5 30

Recorded at Bordeaux December 13, 1873, fo. 27, v. c. 4.
Received one franc 20 centimes.
(Signed) L. LOLIER.

399 (Endorsed:)
Due October 11, 1873.
Mess'rs A. Lafargue & Co.
Mess'rs Seignouret Brothers.

Capital	50,000
Protest, 5.30	5 30
Total	50,005 30

To be re-imbursed at M'r Cohen's.

Exchange for f'cs 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier*.
To Mess'rs SIGOURNET BROTHERS, *Bordeaux*.
No. 293.
(Endorsed:)
Pay to the order of M'r Nathaniel Cohen, value in account, New York, September 24, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

A true translation of the original written in English, which I have paraphed ne varietur.
Bordeaux, October 11, 1873.
(Signed) TH. COLOMBIER.

400 Protest.

In the year eighteen hundred and seventy-three, on the 11th day of October, at the request of M'r Nathaniel Cohen, banker, domiciliated in London, I, the undersigned, John Peter Cambon, (huissier,) executive officer in civil matters in the district of Bordeaux and audiencier for the tribunal of first instance of said city, there residing at No. 4 Exchange street, have called upon and summoned Mess'rs Seignouret Bro's at the indicated domicil at Bordeaux, Cours du Pavé des Chartrons, at which place, addressing myself to them in person, I demanded the acceptance of above-copied draft for fifty thousand francs, together with the costs of the present act and all other legitimate charges. They replied that they could not accept said draft, as the New Orleans National Banking Association had suspended payment and they were not covered. Being asked to sign their answer, they refused so to do.

In consequence whereof, and considering the non-acceptance of said drafts, I have protested as against all whom it doth or may concern, as required in such case.

And of these proceedings, as well as of above-transcribed draft,

I have left a copy with the aforenamed parties. Costs, five francs 30 centimes, and four francs 60 centimes more for stamps and translation.
(Signed) CAMBON.

Stamp	1 75
Recording	1 20
Original & copy	1 60
Copies	75
	5 30
Translat'n & stamps	4 60
	9 90

Recorded in Bordeaux October 14, 1873, fo. 186, v. c. 6.
Received one franc 20 centimes.
(Signed illegibly.)
(Endorsed:)
Due October 11, 1873.
M'r Nathaniel Cohen against Mess'rs Seignouret Bro's:

Protest	9 90
Recording of title	300
Costs, fr's	309 90
Capital	50,000
Total	50,009 90

401 Exchange for fr's 50,000.
[Stamp.]
THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, Bordeaux.
No. 293.

(Endorsed:)

Pay to the order of M'r Nathaniel Cohen, value in account, New York, September 24, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

A true translation of the original written in English which I have paraphed ne varietur.
Bordeaux, October 11, 1873.
[SEAL.] (Signed) TH. COLOMBIER.

Recorded in Bordeaux, October 14, 1873.
Received three hundred francs, fo. 178, v. C. 5.
(Signed illegibly.)

Stamp	60
Translat'n	4
	4 60

Solvit
(Signed) TH. COL.

402 DE RUYTHER 5.

No. 597.] Exchange for f'cs 50,000. [9 December. 10 December.

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
(Signed) HENRY BLACHE, *Cashier.*
To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*
No. 288.

(Across the face in red:)
Ne varietur.
[SEAL.] (Sig.) TH. COLOMBIER.
[Stamp.]

C. 4308.
Recorded by duplicata. Bordeaux, October 14th, 1873, fo. 178, v. C. 2. Received three hundred francs.
(Signed illegibly.)
Schuchardt & Sons, 22,049.
A. L. & Co., 11,490.

403 (Endorsed:)
Pay to the order of Nathaniel Cohen, esq., value in account, New York, September 23, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

[Stamp.]
Protest for non-acceptance recorded in Bordeaux, October 14, 1873.
(Signed illegibly.)

Translation.

Exchange for f.50,000.
[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.
[SEAL.] (Signed) HENRY BLACHE, *Cashier.*
To Mess'rs SEIGNOURET BRO'S, *Bordeaux.*

(Endorsed:)
Pay to the order of M'r Nathaniel Cohen, value in account, New York, September 24th, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

404 Pay to the order of Mess'rs A. Lafargue & Co. value in account.
Received cash, Londen, December 1, 1873.
Ppr. NATHANIEL COHEN.

(Signed illegibly:) follows receipt f. 9.
REC. 178—13

Protest.

In the year eighteen hundred and seventy-three, on the 11th day of December, at the request of Mess'rs A. Lafargue & Co., bankers, residing and domiciliated in Paris, Place des Quinconces No. 2, I, the undersigned, John Peter Cambon, (huissier,) executive officer in civil matters in the district of Bordeau, and audiencier of the tribunal of the first instance of said city, there residing at No. 4 Exchange street, have called upon and demanded of Mess'rs Seignouret Brothers, at the domicil indicated, at Bordeaux, No. 28 Cours du Pavé des Chartrons, the payment of the above-described bill of exchange for (50,000) fifty thousand francs, together with the costs of this present act, and all other legitimate charges, who answered that they would not pay said draft, having received no funds from the drawer, and on being called upon to sign their answer, they refused so to do.

In consequence whereof, and considering the failure of payment of said draft, I have protested against all whom it may or can concern, as required in such case.

And of these proceedings, as well as of the said draft, I have left a copy with the parties above named.

Cost, 5 francs 30 centimes.

(Signed) CAMBON.

Stamp	1 75
Recording	1 20
Original & copy	1 60
Writings	75
	5 30

Recorded at Bordeaux December 13, 1873, fo. 27, v. c. 3.
Received one franc 20 centimes.

(Signed) L. LOLIER.

405 (Endorsed:)
Due October 11, 1873.

Mess'rs A. Lafargue & Co.
Mess'rs Seignouret Brothers.

Capital	50,000 00
Protest	5 30
Total	50,005 30

Exchange for f'cs 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION,
New Orleans, September 17, 1873.

Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of Mess'rs F. Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

(Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*
No. 288.

(Endorsed:)
Pay to the order of M'r Nathaniel Cohen, value in account.
New York, September 23, 1873.

(Signed) FRED'K SCHUCHARDT & SONS.

A true translation of the original written in the English language, which I have paraphed ne varietur.

Bordeaux, October 11, 1873.

[SEAL.] (Signed) TH. COLOMBIER.

406 Protest.

In the year eighteen hundred and seventy-three, on the 11th day of October, at the request of M'r Nathaniel Cohen, banker, domiciliated in London, I, the undersigned, John Pe'er Cambon, (huisser,) executive officer in civil matters for the district of Bordeaux, and audiencer for the tribunal of first instance of said city, and there residing at No. 4 Exchange street, have called upon and demanded of Mess'rs Seignouret Brothers, at the domicil indicated at Bordeaux, No. 28 Cours du Pavé des Chartrons, to accept the above-described bill of exchange for fifty thousand francs, together with the costs of these presents and all other legitimate charges, who answered they would not accept said draft, the New Orleans National Banking Association having suspended payment and they not being covered by the drawers, and on being requested to sign their answer, they refuse so to do.

In consequence whereof, and considering the non-acceptance of said draft, I have protested against all whom it may concern, as required in such case.

And of these proceedings, as well as of the said draft, I have left a copy with the parties above named; cost, five franks 30 centimes, besides four francs 60 centimes for stamps and translation.

(Signed) CAMBON.

Stamp		1 75
Recording		1 20
Original & copy		1 60
Writing		75
		5 30
Translat'n & stamp		4 60
		9 90

Recorded at Bordeaux October 14, 1873, fo. 186, v. c. 6.
Received one franc 20 centimes.
(Signed illegibly.)
(Endorsed:)
Due Oct. 11, 1873.
Mr. Nathaniel Cohen against Mess'rs Seignouret Brothers.

Protest		9. 90
Recording of title		300. 00
		309. 90
Capital	50, 000	
Total	f. 50, 309	90

407 Exchange for fr's 50,000.

[Stamp.]

THE NEW ORLEANS NATIONAL BANKING ASSOCIATION.

New Orleans, September 17th, 1873.

Sixty days after sight of this first of exchange (second and third un-

paid) pay to the order of Mess'rs Schuchardt & Sons, in Paris, fifty thousand francs, value received, and charge the same to account.

[SEAL.] (Signed) HENRY BLACHE, *Cashier.*

To Mess'rs SEIGNOURET BROTHERS, *Bordeaux.*
No. 288.

(Endorsed:)
Pay to the order of M'r Nathaniel Cohen, value in account.
New York, 23 September, 1873.
(Signed) FRED'K SCHUCHARDT & SONS.

A true translation of the original written in English, which I have paraphed ne varietur.
Bordeaux, October 11, 1873.
(Signed) TH. COLOMBIER.

Stamp	60
Translat'n	4
Total	4 60

Rec'd payment.
TH. COL.

Recorded in Bordeaux October 14, 1872, fo. 178, v. C 2. Received three hundred francs — ce's.
(Signed illegibly.)

408 UNITED STATES OF AMERICA,
District of Louisiana, ss:

I, Francis A. Woolfley, special examiner, duly appointed by the circuit court of the United States for the district of Louisiana, a copy of whose order, issued on the , to take the depositions of Emile Seignouret, j'r, Charles De Armas, Charles Cavaroc, Charles Cavaroc, j'r, and Charles De Ruyter, witnesses on the part of the defendants, do hereby certify that, on the days named in the depositions hereto annexed, I was attended at the office of J. D. Rouse, esq., No. 3½ Carondelet street, in the city of New Orleans, by the counsel and witnesses aforesaid; that the said witnesses were duly sworn and examined and the depositions reduced to writing and read to the witnesses and by them subscribed in my presence; and that Exhibits "De Armas 1," "Cavaroc G," "Cavaroc H," and "De Ruyter 1" to "De Ruyter 5," inclusive, were introduced in evidence in said cause during the taking of said depositions.

And I further certify that the depositions of Sam'l H. Kennedy,
409 taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. National Park Bank of New York et al., No. 7072, United States circuit court; the depositions of George Jonas, Jules Aldigé, and Charles Cavaroc, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Charles Cavaroc & Son et al., No. 7064, United States circuit court; and the depositions of George Jonas, Patrick Irwin, and Louis Schneider, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, No. 7069, United States circuit court, were offered in evidence by the defendants in this case.

New Orleans, May 22d, 1875.
(Signed) F. A. WOOLFLEY,
Special Examiner.

410 *Order case continued.—Extract from the minutes.—April term*, 1875.

NEW ORLEANS, *Tuesday, May 25th*, 1875.

Court met pursuant to adjournment.
Present: Hon. W. B. Woods, circuit judge.

JOHN COCKREM, REC'R, &C., *vs.* F. SCHUCHARDT & SONS. } No. 7074.

By consent of counsel the case is continued till Friday, 28th instant, at 11 a. m.

Hearing and order continuance.—Extract from the minutes of May 28th, 1875.

JOHN COCKREM, REC'R, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

This cause was called for trial.
J. D. Rouse & J. R. Beckwith, for complainant; E. C. Billings, for defendants.
When, after hearing the pleadings and the evidence, the cause is continued till Monday, 31st ins't, at 11 a. m.

Note of evidence.—Filed May 28th, 1875.

JOHN COCKREM, REC'R, &C., *vs.* F. SCHUCHARDT & AL. } No. 7074.

The printed record is offered on both sides.

411 *Hearing and continuance.—Extract from the minutes of May 31st*, 1875.

JOHN COCKREM, RECEIVER, N. W. CASEY substituted, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The trial of the above cause was resumed, and, after hearing argument, the same is continued till to-morrow, June 1st, 1875, at 11 a. m.

Hearing & continuance.—Extract from the minutes of June 1st, 1875.

JOHN COCKREM, RECEIVER, N. W. CASEY substituted, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

The trial of the above cause was resumed, and, after hearing argument, the same are continued till to-morrow, 2d instant, at 11 a. m.

Hearing & submission of case.—Extract from the minutes of June 2d, 1875.

JOHN COCKREM, RECEIVER, N. W. CASEY substituted, *vs.* F. SCHUCHARDT & SON ET AL. } No. 7074.

412 The trial of the above cause was resumed, and, after hearing argument, the court took time to advise.

Decree.—Signed, filed, & entered June 7th, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, RECEIVER OF THE N. ORLEANS Nat. Bk'g Ass'n, N. W. Casey substituted, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

This cause came on to be heard upon the bills, answers, replications, exhibits, and proofs, and was argued by counsel. On consideration whereof, for reasons assigned by the court in writing, it is ordered, adjudged, and decreed that complainant's bill be dismissed, and that the injunction, heretofore issued, be dissolved at complainant's cost.

(Signed) W. B. WOODS, *Judge.*

Motion & order granting appeal.—Entered and filed June 7th, 1875.

Circuit court of the United States, district of Louisiana. In equity.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Bank'g Association, N.
413 W. Casey substituted as receiver, *vs.* F. SCHUCHARDT & SONS ET AL. } No. 7074.

On motion of the said complainant herein, by J. D. Rouse and J. R. Beckwith, his solicitors, it is ordered that the said complainant be, and is hereby, allowed an appeal from the final decree rendered in this cause to the Supreme Court of the United States, returnable at the next term thereof, on the first day of said term, the same to operate as a supersedeas, upon said complainant giving bond with good and sufficient surety, conditioned as the law directs, in the sum of one thousand dollars, and that this motion and order be entered of record in this cause at the present term of this court.

(Signed) W. B. WOODS, *Judge.*

Appeal-bond.—Filed June 16th, 1875.

UNITED STATES OF AMERICA:

Know all men by these presents that we, Nicholas W. Casey,
414 receiver of the New Orleans National Banking Association, as principal, and John D. Rouse as surety, are held and firmly bound, jointly and severally, unto the commercial firm of F. Schuchardt & Sons, (Frederick Schuchardt, Lawrence Wells, and Edward Wells,) and to the commercial firm of C. Cavaroc & Son, (Charles Cavaroc, senior, and Charles Cavaroc, junior,) in the sum of one thousand dollars, lawful money of the United States of America, to be paid to the said F. Schuchardt & Sons, Frederick Schuchardt, Lawrence Wells, and Edward Wells, and C. Cavaroc & Son, Charles Cavaroc, senior, and Charles Cavaroc, junior, their heirs, executors, administrators, and assigns: for which payment, well and truly to be made, we bind ourselves, and each of us by himself, and each of our heirs, executors, and administrators, firmly by these presents, sealed with our seals, and dated the sixteenth day of June, in the year of our Lord eighteen hundred and seventy-five.

Whereas the above-named Nicholas W. Casey, receiver of the New Orleans National Banking Association, hath taken an appeal
415 to the Supreme Court of the United States from and to reverse the decree rendered by the honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, in the suit of John Cockrem, N. W. Casey substituted, receiver of the New Orleans National Banking Association, against the firm of C. Cavaroc & Son, Charles Cavaroc, senior, and Charles Cavaroc, junior, the firm of F. Schuchardt & Sons, Frederick Schuchardt, Lawrence Wells, and Edward Wells, No. 7074 of the docket of said court in equity.

Now the condition of the above obligation is, that if the above-bounden Nicholas W. Casey, receiver of the New Orleans National Banking Association, shall prosecute his said appeal to effect, and answer all costs and damages if he shall fail to make good his plea, then this obligation shall be void; otherwise to remain in full force and virtue.

(Signed) NICHOLAS W. CASEY. [L. S.]
" JOHN D. ROUSE. [L. S.]

416 Signed, sealed, and delivered in presence of—

Approved:
(Signed) W. B. WOODS, *Judge.*

417 UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit and district of Louisiana.

CLERK'S OFFICE.

I, Francis A. Woolefly, clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, do hereby certify that the foregoing 416 pages contain and form a full, complete, true, and perfect transcript of the record and proceedings had, together with all the evidence adduced, on the trial of the case of John Cockrem, receiver of the New Orleans National Banking Association, Nicholas W. Casey substituted as receiver, versus F. Schuchardt & Sons, et als., No. 7074 of the docket, so far as the same now remain of record or on file in said court.

Witness my hand and the seal of said court, at the city of New Orleans, this 15th day of September, A. D. 1875.

[SEAL.] F. A. WOOLFLEY, *Clerk.*

I, W. B. Woods, United States judge for the district of Louisiana, do certify that Francis A. Woolfley, whose name is signed to the above certificate as clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, was, at the time of signing said certificate, and is now, the clerk of said court; that said certificate is in due form of law, and that full faith and credit are due to his official attestations as such clerk.

Given under my hand at the city of New Orleans, in said district, this 15th day of September, A. D. 1875.

W. B. WOODS, *Judge.*

418 THE UNITED STATES OF AMERICA:

Circuit court of the United States, district of Louisiana.

The President of the United States to the commercial firm of C. Cavaroc & Son, composed of Charles Cavaroc, senior, and Charles Cavaroc, junior, greeting:

You and each of you are hereby severally cited and admonished to be and appear at a Supreme Court of the United States, to be holden at the

city of Washington on the second Monday of October next, pursuant to a motion & order for appeal of record & filed in the clerk's office of the circuit court of the United States for the fifth circuit and district of Louisiana, wherein Nicholas W. Casey, receiver of the New Orleans National Banking Association, is complainant and appellant, and you are defendants and appellees, to show cause, if any there be, why the judgment rendered against the said Nicholas W. Casey, receiver, as in said motion mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the honorable Morrison R. Waite, Chief-Justice of the Supreme Court of the United States, this 14th day of July, in the year of our Lord one thousand eight hundred and seventy-five.

W. B. WOODS, *Judge.*

(Indorsed:) United States circuit court. No. 7074. Nicholas W. Casey, receiver, vs. F. Schuchardt & Sons et al. Citation.

Marshal's return.

Received Jul. 15, 1875, by the U. S. marshal, and on the 15th day of August, 1875, served a copy hereof on C. Cavaroc & Son, by handing the same to C. Cavaroc, s'r, in person, in this city of New Orleans.

S. B. PACKARD,
U. S. Marshal,
By S. W. REED, *Deputy.*

On this 30th day of August, 1875, personally appeared before me S. W. Reed, a deputy U. S. marshal for the district of Louisiana, & makes oath that he served a copy of the within citation on the firm of C. Cavaroc & Son, C. Cavaroc, senior, & C. Cavaroc, j'r, as stated in his official return hereon.

S. W. REED,
D'y U. S. Marshal.

Sworn to and subscribed before me this 30 Aug., 1875.

F. B. VINOT,
Comm'r U. S. Circuit Court, Dist. of La.

419 THE UNITED STATES OF AMERICA:

Circuit court of the United States, district of Louisiana.

The President of the United States to the commercial firm of F. Schuchardt & Sons, composed of Frederic Schuchardt, Lawrence Wells, and Edward L. Wells, greeting:

You and each of you are hereby cited severally and admonished to be and appear at a Supreme Court of the United States, to be holden at the City of Washington on the second Monday of October next, pursuant to a motion & order for appeal of record and filed in the clerk's office of the circuit court of the United States for the fifth circuit and district of Louisiana, wherein Nicholas W. Casey, receiver of the New Orleans National Banking Association, is complainant and appellant, and you are defendants and appellees, to show cause, if any there be, why the judgment rendered against the said Nicholas W. Casey, receiver, as in said motion mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the honorable Morrison R. Waite, Chief-Justice of the Su-

preme Court of the United States, this 14th day of July, in the year of our Lord one thousand eight hundred and seventy-five.

W. B. WOODS, *Judge.*

420 (Indorsed:) F. Schuchardt & Sons. United States circuit court. No. 7074. Nicholas W. Casey, receiver, vs. F. Schuchardt & Sons et al. Citation.

Marshal's return.

Received Jul. 14, 1875, by the U. S. marshal, and on the 15th of July served a copy hereof on F. Schuchardt & Sons by handing it to John Devonshire, clerk for Billings & Hughes, attorneys of record for said Schuchardt & Sons; Billings & Hughes & Schuchardt & Sons all being absent from the district of Louisiana.

S. B. PACKARD,
U. S. Marshal,
Per S. W. REED,
D'y U. S. Marshal.

On this 30th day of August, 1875, personally appeared before me S. W. Reed, a deputy U. S. marshal for the district of Louisiana, and makes oath that he served a copy of the within citation to F. Schuchardt & Sons, as stated in his official return hereon.

S. W. REED,
D'y U. S. Marshal.

Sworn to and subscribed before me this 30th day of Aug., 1875.

F. R. VINOT,
Comm'r of U. S. Circuit Court, Dist. of La.

(Indorsement on cover:) No. 178. Nicholas W. Casey, receiver of the New Orleans National Banking Association, appellant, vs. F. Schuchardt, Lawrence Wells, & & Edward L. Wells, as F. Schuchardt & Sons, and C. Cavaroc & Son. Louisiana C. C. U. S. Filed 11th October, 1875.

REC. 178—14

Supreme Court of the United States.

OCTOBER TERM, 1877.

No. 178.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant.*

versus

F. SCHUCHARDT & SONS ET AL.—*Appellees.*

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

J. D. ROUSE,
CHARLES CASE,
Counsel for Complainant.

Clark & Hofeline, Book Printers, 112 Gravier St.

Supreme Court of the United States.

OCTOBER TERM, 1877.

No. 178.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant*,

versus

F. SCHUCHARDT & SONS ET AL.—*Appellees*.

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

STATEMENT OF THE CASE.

The New Orleans National Banking Association, of which plaintiff is receiver, was organized under the provisions of the National Bank Act, approved June 3rd, 1864. For several months prior to its failure it was insolvent and notoriously embarrassed. It suspended cash payments Sept. 24, and altogether failed and suspended Oct. 4th, 1873. A receiver was appointed by the Comptroller of the Currency, and took possession Oct. 27, 1873.

It appeared from the books of the bank, that among its assets at the time of its failure were notes and bills discounted amounting to $853,066.43 (See Statement

dated Monday morning, Oct. 6—R. p. 96.) But when the receiver took possession, he discovered that nearly $800,000 of these assets were not in the bank. Inquiry developed the fact that they had been delivered to certain creditors of the bank or their agents, with the purpose of securing their several demands.

The commercial firm of C. Cavaroc & Son, (defendants), the head of which was President of the bank, had in their possession such assets of the bank, to the amount of $60,032.71, (p. 5,) which they claimed to hold for account of F. Schuchardt & Sons, (defendants,) to secure them against loss, on account of their endorsement of five bills of exchange of 50,000 francs each, drawn by the bank upon Seignouret Frères of Bordeaux.

It appearing that all these assets were in the bank's possession on the day of its failure, and that no securities had been delivered at the time the liability, if any, was incurred, the transaction was clearly one prohibited by the Act of Congress, approved June 3d, 1864, Section 52 of which is as follows:

SEC. 52. *And be it further enacted;* That all transfer of the notes, bonds, bills of exchange, and other evidences of debt owing to the Association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission

of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets in the manner prescribed by this act, or with a view to the preference of one creditor to another, except in payment of its circulating notes, *shall be utterly null and void.*" 13 Stat., p. 115.

And thereupon said Receiver filed his Bill of Complaint, (p. 1,) in said Circuit Court, setting forth the foregoing facts, as well as the fact that no pledge of said assets had been made or authorized by the Board of Directors of said bank; and charging that the delivery and transfer of said assets, were made and accepted about the time of the suspension of the bank, in contemplation of the insolvency thereof, and with a view to give a preference to said F. Schuchardt & Sons, over other creditors of said bank, contrary to the provisions of the aforesaid statute.

The defendants in their answers (pp. 24 and 37) assert a valid pledge of the aforesaid assets to secure Schuchardt & Sons against loss upon five bills of exchange for 50,000 francs each, drawn by the bank upon Seignouret Frères of Bordeaux, which they allege were negotiated by Schuchardt & Sons, with their endorsement, and aver that the collaterals were delivered Sept. 18 to Cavaroc & Son, whom they aver acted *as the agents of both parties* in the premises.

Issue was joined, and the proofs in the record show that Schuchardt & Sons, were the New York correspond-

ents of the bank, upon whom they drew domestic exchange, and through whom they negotiated foreign bills; that the bank was allowed to make overdrafts to amount of $100·000; (letter p. 83); that during the summer of 1873, its overdrafts were so much in excess of the amount allowed as to provoke remonstrance from Schuchardt & Sons: (letter, p. 83); that prior to August, 1873, they did not require any security from the bank upon negotiating its foreign bills, when they limited such bills upon Seignouret Frères, to 500,000 francs, and required collaterals to secure either acceptance or payment of the drafts; that 250,000 francs on Seignouret, Frères, were drawn and remitted to Schuchardt & Sons, September 17th, 1873; that on the 18th of September, a *list* of securities amounting to about $60.000, was made out and forwarded to Schuchardt & Sons; but *none of the collaterals were removed from the bank*, (p. 51); that not being able to sell this exchange, they paid the bank's bills as usual, and sold their own bills; (see correspondence, p. 83–5); that the Seignouret bills were remitted for collection as appears from the bills and their endorsements, (p. 175, *et seq.*,) that there was no written pledge of the notes claimed by defendants, but they remained in and were treated as the property of the bank; that no entry was made upon the books of the bank, showing any disposition of said securities, but on the contrary, the amount of such as were paid at maturity were credited to the account of notes and bills discounted upon the books, and the money received in payment

thereof, went into the general cash of the bank, as other collections of discounted notes did, (p. 113); and that the pretended pledge, and the removal of the assests from the bank, was without the authority or knowledge of the Board of Directors thereof. It is also proven that the bank was in a state of insolvency, during the summer of 1873; that its condition was well known to the President and directors thereof; that its embarrassment was a matter of public notoriety, from and after the 31st of May; and that it suspended cash payments, Sept. 25th.

Upon the hearing a decree was made dismissing the bill.

ASSIGNMENT OF ERRORS.

The plaintiff assigns for error generally, the decree of the Circuit Court, dismissing the bill. This error admits of several subdivisions which are assigned as follows, viz:

1. Said Court erred in upholding the transfer of the assets of said bank, made in contemplation of its insolvency and with a view to give a preference to the defendant creditors, over others.

2. Said Court erred in decreeing the validity of the pretended pledge set up by the defendants.

3. Said Court erred in decreeing the validity of the acts of the President of said bank, in the premises complained of, not within the scope of his authority as such, and which were not authorized by the corporation, through its Board of Directors.

the absence of such a clause in the National Bank Act, the knowledge of the creditor is immaterial, and not a subject of inquiry.

Very slight evidence of an affirmative character of the existence of a desire to prefer one creditor to another may be sufficient to invalidate the whole transaction.

Wilson vs City Bank, 17 Wall., 487.

The case of *Case, Receiver of Crescent City National Bank vs. Citizens' Bank*, was a bill in equity to set aside transfers made contrary to the provisions of Section 52 of the National Bank Act, and the Court said:

"It is only necessary that the insolvency should be in "contemplation of the bank making the transfer. The "party to whom the transfer is made need not know of, "or contemplate the insolvency of the bank which makes the transfer."

2 Wood's Rep., 23.

With this exposition of the law let us apply it to the facts herein, as developed by the

EVIDENCE.

1. *Of the insolvency of the bank.*

This is fully established by the evidence of Henry Blache, Cashier (p. 52–3) where he details its desperate condition, and the shifts to which it resorted to keep afloat; and by the statement of its losses and worthless paper, carried as resources (p. 86).

And also by the testimony of Charles Cavaroc, President (pp. 152, 154), who portrays unwillingly the fact

that it was frequently upon the verge of suspension, and was saved only by the most strenuous efforts.

The agreement of September 25th, was a public confession of insolvency (Exhibit Blache 9, p. 103.)

2. *Of the notoriety of the insolvency.*

This is shown by the evidence of Lyman (p. 80), Janney (p. 77), Blache, p. 78), and Bonis (p. 81), brokers, who testify to discrediting rumors and the rapid decline of the stock of the bank in June and July, until in August it could not be sold. Also by Fourchy, President Mutual Bank (p. 74), Reynes, banker (p. 76), Fortier, President Bank of America (p. 71), to each of whom the bank made application for assistance in June; and by Case, Receiver of Crescent and First National Banks (p. 79), Baldwin, Vice-President Mutual Bank (p. 79), all of whom testify to the current rumors of its embarrassed or insolvent condition during the summer of 1873.

Insolvency, and the notoriety thereof, could not well be more conclusively proven.

The intent to prefer Schuchardt & Sons, and the fact of such preference, will be shown in connection with the futile attempt to give color of pledge to the transfer of assets; and this requires first a statement of

II.

THE LAW OF PLEDGE.

1. *The law of pledge prior to 1870.*

In Louisiana the law of pledge is purely statutory. Until the act of 1852 it was wholly contained in the Civil

Code of 1825, Title XX. Prior to the act of 1852 (La. Acts, 1852, p. 15), which was re-enacted in 1855 (La. Acts, 1855, p. 348), promissory notes could be pledged only by *written* act *passed before a notary public or registered in his office.* The first section of the act of 1855 is as follows, viz:

"That when a debtor wishes to pawn promissory notes bills of exchange, stocks, obligations or claims upon other persons, he shall deliver to the creditors the notes, bills of exchange, certificates of stock, or other evidences of the claims or rights so pawned; and such pawn so made, without further formalities, shall be valid as well against third persons as against the pledgors thereof, if made in good faith."

This section was again re-enacted in 1866. La. Acts 1866, p. 266. The act of 1855 contained the following repealing clause, viz:

"That all laws contrary to the provisions of this act, and all laws upon the same subject matter, *except what is contained in the Civil Code and Code of Practice* be repealed."

The act of 1866 is a re-enactment of the act of 1855, except the repealing clause, which is as follows, viz:

"That all laws and parts of laws contrary to or conflicting with the provisions of this act be and the same are hereby repealed."

The act of 1852 contained no repealing clause.

After the passage of the act of 1866, the mode of making pledges was governed entirely by that act until the code of 1870, all the conflicting provisions of the code

of 1825 being repealed. Ray's Revised Civil Code, enacted in 1870, contains the following provisions:

ART. 3156 [3123]. When a debtor wishes to pawn a claim on another person, he must make a transfer of it in the act of pledge, and deliver to the creditor to whom it is transferred the note or instrument which proves its existence, if it be under private signature, and must indorse it if it be negotiable.

ART. 3157 [3124]. The pawn invests the creditor with the right of causing his debt to be satisfied by privilege and in preference to the other creditors of his debtor, out of the product of the movable, corporeal or incorporeal, which has been thus burdened.

ART. 3158 [3125]. But this privilege shall take place against third persons, only in case the pawn is proved by an act, made either in a public form or under private signature; provided such act has been recorded in the manner required by law; provided also, that whatever may be [in] the form of the act, it mentions the amount of the debt, as well as the species and nature of the thing given in pledge, or (h)as a statement annexed thereto of its number, weight and measure.

When a debtor wishes to pawn promissory notes, bills of exchange, stocks, obligations or claims upon other persons, he shall deliver to the creditors the notes, bills of exchange, certificates of stock or other evidences of the claims or rights so pawned; and such pawn so made, without further formalities, shall be valid as well against third persons, as against the pledgors thereof, if made in good faith."

* * * * * * * *

Article 3160 requires notice to be given to the debtor if the credit pledged is not negotiable. Then follows:

ART. 3161 [3128]. On the other hand, this notifica-

tion of the act of pledge to the person owing the debt pledged, shall not be necessary if the debt is evidenced by a note or other instrument, payable to the bearer or to order, because in that case it will suffice that the note or instrument shall have been indorsed by the person pledging it, to invest the creditor with the privilege above mentioned."

Articles 3156, 3157, 3160 and 3161 of the Revised Code are identical with articles 3123, 3124, 3127 and 3128, respectively of the old Code of 1825. Article 3125 of the old Code corresponding to article 3158 of the revision, is as follows:

ART. 3125. But this privilege shall take place against third persons only in case the pawn is proved by an act made either in a public form or under private signature; provided that in this last case it should be registered in the office of a notary public, at a time not suspicious: provided, also, that whatever may be the form of the act, it mentions the amount of the debt as well as the species and nature of the thing given in pledge, or has a statement annexed thereto of its number, weight and measure."

Such was the statutory law upon the subject at the time of the transaction complained of in this bill.

It will be observed that the law of pledge, as contanied in the old Code, was re-enacted in the revision of 1870, and that the provisions of the acts of 1852, 1855 and 1866, above quoted, were incorporated with it. The effect of such incorporation will be considered further on. Both articles, 3156 [3123] and 3161 [3128], require that in order to make a valid pledge of a negotiable note or

instrument, the pledgor *must indorse it, even though it be payable to bearer.*

The Supreme Court has enforced this rule with great strictness.

Sewall vs. McNeill et al., 17 La. 189.

Winchester vs. Ory's Syndics, 17 La. Rep. 429.

Fluker vs. Ballard, 2 Annual, 338.

Robinson vs. Shelton, 2 Rob. 277.

It was also essential to the validity of a pledge under the Code of 1825, that it should be made by written act, either in public form, i. e., entered into before a notary public in the presence of two witnesses; or if under private signature, "registered in the office of a notary public, at a time not suspicious." Art. 3125. After the act of 1855, a question arose as to the meaning of the words 'without further formality," and was thus disposed of by the Supreme Court in *Cater vs. Merrill.*

"By comparing this law (Act of 1855,) with the "3125th Article of the Code, it is obvious that the clause, "'without further formalities,' means the registry of pri- "vate acts of pledge in the office of a notary public, "required by the Code. But the mention of the amount "of the debt intended to be secured, like that of the "specific property to be pledged for the security of the "debt, is in no sense *a formality.* It is essential to the "contract of pledge—so essential, that without such "mention, the contract would be unintelligible.

"For what is a pledge? It is an auxiliary contract

"for the enforcement of any lawful obligation. C. C. "3100, 3103. It results from this definition that there "should be no uncertainty or ambiguity as to the nature "and extent of the principal obligation, which it is the "object of the pledge to aid and enforce.

"Otherwise, it is impossible to ascertain the nature and "extent of the rights and obligations of the pledgor and "pledgee, reciprocally, from the instrument itself. Re- "course would necessarly be had to parol proof, to "explain the intention of the parties. And thus the ob- "ject of the law *which requires this contract to be in writ- "ing*, would be defeated, and the door opened to the per- "petration of frauds upon the parties contracting, and "upon their creditors."

"14. An. Rep. 375.

So that notwithstanding the Act of 1855, it was, among other things, still essential to constitute a pledge ; that it should be made in writing ; that it should mention the amount of the debt to be secured, and contain or be accompanied by a description of the thing given in pledge.

2. The law of pledge in the Code of 1870.

Granting for the sake of argument, that under the Act of 1866, with its repealing clause, the phrase "without further formalities," dispensed with everything but delivery of the thing pledged ; what is the effect of the legislation of 1870. The provisions of the Act of 1855, having been incorporated into Article 3158, (3125), and Articles 3123,

3127, and 3128, of the old Code, having been re-enacted, they must now be construed together. In construing the Code, that interpretation must be adopted, which will make a particular article harmonize with its other provisions, if it can be done without violence to its terms. In *Childers vs. Johnson*, the Supreme Court laid down the rule as follows:

"It is a sound rule of interpretation, in construing an "Article of the Code, with reference to a subject matter, "to take into view the general system of legislation upon "the subject matter contained in the same work; and "when a provision of the code is invoked in derogation of "the common rule regulating the subject matter, the "intention so to derogate should be clear and beyond "reasonable doubt. If an interpretation can be given to "the particular article, which without doing violence to "its terms, will make it harmonize with the general rules "and the other provisions of the code regulating the sub-"ject matter, such interpretation should be adopted. In "the interpretation of contracts, it is an undisputed "maxim: *Ex antecedentibus et consequentibus fit optimus "interpretatio.* The spirit of that rule may be considered "fairly applicable to the interpretations of our codes."

6 Ann. Rep., 638.

"When laws *in pari materia* are to be interpreted, that construction is to be preferred which will give effect to all their provisions."

Desban vs. Pickett, 16 Ann. 350.

Wood vs. Stokes, 13 Ann. 143.

Succession of Hebert, 5 Ann. 122.

C. C., ART. 17.

If possible, effect must be given to every article of the code.

Gee vs. Thompson, 11 Ann. 659.

"When two articles of the code cannot be reconciled, "the last in order and highest in number, prevails over "the other."

Barbet vs. Roth, 14 Ann. 382.

With these rules for the construction of the code, the application of its provisions to a pledge of negotiable promissory notes is not difficult. Both Article 3156 and 3161, of 1870, make endorsement by the pledgor essential to the privilege. If there be any conflict between Articles 3158 and 3161, the latter must prevail. But fairly construed there is no such conflict. The re-enactment of the Act of 1855, in the Code of 1870, must be considered as a legislative adoption of the construction by Supreme Court in *Cater vs. Merrill*, above cited, limiting the meaning of the phrase "without further formalities." Even the very article with which the Act of 1855 is incorporated, still requires by its first paragraph, that the act of pledge must be proved by act made in a public form or under private signature, in order to create a privilege against third persons.

3. Delivery to and retention by the pledgee essential.

The requirements of the Code in this respect are plain and positive, and read thus ;

"ART. 3152, [3118.] It is essential to the contract of pledge that the creditor be *put in possession* of the thing given to him in pledge, and consequently that *actual delivery* of it be made to him, unless he has posession of it already by some other right."

"ART. 3162, [3129.] In no case does this privilege subsist on the pledge, except when the thing pledged, if it be a corporeal movable or the evidence of a credit if it be a note or other instrument under privote signature, has been *actually put and remained in the possession of the creditor*, or of a third person agreed on by the parties."

Delivery is the essence of the contract of pledge.

Lee et al vs. Bradlee, 8 Martin's Rep. 57.

Robinson, Syndic vs. Shelton et al, 2 Rob. 277.

Winchester vs. Ory's Syndics, 17 La. 428.

Foltier vs. Schroder et al, 19 Ann. 20.

In *Geddes vs. Bennett et al*. whiskey was *left on storage* with the defendants, who gave their receipt therefor to the plaintiff, who had made advances thereon. It was held: That the plaintiff having permitted the defendants to remain in possession of the whisky after the advances, he was not entitled under the articles of the Code, to a pledge thereon. 6 Ann. R. 516.

A contract or promise to transfer or deliver a collateral to secure a debt gives no privilege or pledge upon such collateral, if not transfered and delivered in pursuance of said contract. *Succession of D'Meza*, 26, Ann. 35.

Such being the law of pledge, the

EVIDENCE,

discloses that none of its requirements were complied with

in this case. It is not pretended that there was any written pledge;—none of the notes were *indorsed* by the bank until after its failure;—and prior thereto *they were not put, nor did they remain in possession* of the creditor, or some indifferent person.

Blache, the Cashier, testified that the notes were passed to the order of the bank by so stamping them above the signature of the last indorser, (p. 54) and that he did not endorse them *until after the failure* of the bank, and then in Cavaroc's office. (p. 65.)

Clearly his authority as Cashier had terminated and his indorsement could have no more effect, than that of any other third person.

He also testified that a list of the securities was made out and sent to Schuchardt & Sons, the day after drawing the bills, but the securities were not removed from the bank; that afterwards about half of them were transferred to the Clearing-House, (p. 51); that the notes were at first handed to Cavaroc, who gave them to witness, and after a few days he returned them to the note clerk, (p. 56); that they were not removed from the bank before the failure, but were then in the custody of the note clerk, (p. 60); that they were treated as the property of the bank, such as matured being collected, and the cash put into the general cash of the bank, (p. 61); that when Cavaroc gave him the notes, he put them in his box as cashier of the bank along with its other securities, (p. 67); that they were still carried upon the books as the

property of the bank, and were included in the portfolio upon the statements of the bank, (p. 54, see Statements, p. 88 *et seq.*); that after the failure he went to Washington by direction of the officers of the bank to lay its condition before the Comptroller of the Currency, but did not inform him of any pledge of its portfolio to creditors, but represented that all these notes were the property of the bank; that he carried a statement to the Comptroller, certified by the president and cashier, upon which these notes were carried as part of the active portfolio. (p. 61–2; see Statement, p. 106.)

The evidence of Cavaroc, Senior, president of the bank, examined by defendants, supports that of Blache, generally. He also testified that some of the notes originally placed in the envelope were taken out and returned to the bank, by his order, *in his capacity as president* of the bank. (p. 123 and 124.)

Blache is likewise supported in the main by De Armas, the note clerk, a witness for defendants, who also testified, that the notes which were taken from the Schuchardt list, were pledged to the Clearing-House September 29; that *the substitutions were not made at the same time*, but one or two days afterwards, or perhaps every Saturday, (p. 117); and that the last substitutions were made the 18th of October, (p. 115). It is true that counsel labored hard with the witness to break the force of this statement, which is evidently the real truth, but he stated until the last, as above, that the substitutions were not made on

the same day with the withdrawals. In this he is sustained by the fact that the substituted notes had not been acquired on the 29th of Sept., and that three of Mioton's were not until the 3d of October, (pp. 117 and 118,) and these he thinks were never transferred to the Schuchardt envelope. (p. 118.)

The evidence of Willoz, also, (pp. 69, 70,) shows that the books contained no entries relating to the transfer of notes to Schuchardt & Sons.

III.

OF THE WANT OF AUTHORITY TO MAKE SUCH CONTRACT

The president and cashier of a bank have no power to bind it except in the discharge of their ordinary duties.

U. S. vs. City Bank, 21 How. R. 356.

Bank vs. Dunn, 6 Pet. R. 51.

Bank vs. Jones, 8 Pet. R. 12.

Talmadge vs. Pell, 7 N. Y. R. 328.

Reed vs. Powell, 11 Rob. R. 98.

Sandy River Bank vs. Merchants' Bank, 1 Biss. R. 146.

Angel and Ames on Corp., 288 et seq.

The individual stockholder commits no authority to the officers of the bank, but that which is given by the charter, and by a vote of a majority in interest of the individuals acting in a corporate form.

Wyman vs. Hallowell and Augusta Bank, 14 Mass. 58.

See also *Beatty vs. Ins. Co.*, 2 Johns. 110.

The president and cashier of a bank, unless specially authorized by the charter, have no authority to assign its

choses in action as security for a precedent debt, without authority of the board of directors.

Hoyt vs. Thompson, 5 N. Y. Rep. 320.

Leggett vs. N. J. Manuf and Bank'g Co., 1 Saxt. Ch. Rep. 542.

Nor can they borrow money without authority in the charter, or from the board of directors.

Life and Fire Ins. Co. vs. Mechanics Ins. Co. 7 Wend. 31; 31 Miss. 116; 41 Barb. 575.

The authority of officers of corporations is less extensive than that of agents of individuals, because regulated by statute, or matters recorded in books, of which those dealing with them, are deemed to have notice.

17 Mass., R. 1. Ibid. 479.

The property of corporations can be given in pledge only in accordance with their acts of incorporation.

Civil Code. Art. 3150. (3117.)

The corporate powers of National Banks are defined in Section 8 of the National Bank Act, (13 Stat. 101.) and the power to borrow money is not granted. If it could be implied, still such power could be exercised by the corporation, only through its Board of Directors. The transaction as disclosed by the evidence, was a mode of borrowing money. No authority was given by the Board of Directors in this case. The Board of Directors was composed of twelve stockholders, a majority of whom formed a quorum. (p. 105.) The minutes of the board are in evidence, (pp. 98 to 103,) and disclose the fact that

It was contended in the Court below that the bank could not repudiate its acts in the premises, but was bound thereby, even if the transfer was obnoxious to law; and that the receiver could not do what the bank was estopped from doing. If this were true, Sec. 52 of the National Bank Act would be a nullity. The theory supposes that the receiver is the representative of the bank, only, whereas he is the statutory assignee, and represents the creditors as well, whose rights the provisions of the 52d Section were intended to protect, and if he could not invoke its provisions, for their protection, there would be a right without a remedy.

V.

THE CASE OF *CLARK VS. ISELIN*,

reported in 21 Wallace 360, was relied upon in the Court below as decisive of this case. *It has no application to it.* That case arose in New York, where the law of pledge does not require that the thing pledged shall be "*put and remain in possession of the pledgee*, or some third person," as is required by the law of Louisiana, as above shown.

In that case, the collaterals were *delivered at the time* the loan was made; in this, no actual delivery was made, until after the failure.

In that case, the parties were private persons, whose custody of the collaterals could deceive no one, as it was not apparent to the public, and their books were not subject to inspection; in this, the defendants were dealing with a public corporation, whose books and assets were

the subject of public scrutiny, through its directors, through its statements to the Clearing House, where it was represented to be in possession as owner of these very assets; and the Comptroller of the Currency, who would thereby be deceived as to its solvency, and kept ignorant of its true condition, and to whom a statement was made by the officers of the bank which did not disclose, but concealed the fact that any pretended pledge of its asset had been made to these and other creditors. (pp. 62 and 106).

The facts and circumstances of the two cases are different, the policy of the law is different, and the law itself is different.

The decree should be reversed and such a decree made as the complainant hath prayed in his bill.

Respectfully submitted,

J. D. ROUSE,
CHARLES CASE,
Counsel for Complainant.

Supreme Court of the United States.

NO. 178.

NICHOLAS W. CASEY, Receiver,
Appellant,

against

F. SCHUCHARDT & SONS, &c.,
Appellees.

Appeal from Circuit Court of United States for District of Louisiana.

CONWAY ROBINSON,
for Appellees.

JANUARY 14, 1878.

R. O. POLKINHORN, PRINTER, Washington, D. C.

Supreme Court of the United States.

NO. 178.

NICHOLAS W. CASEY, Receiver,
Appellant,

against

F. SCHUCHARDT & SONS, &c..
Appellees.

Appeal from Circuit Court of United States for District of Louisiana.

Statement of the Case.

"The New Orleans National Banking Association" (Pr. R., pp. 105, 106), on or about the 30th of August, 1873, entered into an arrangement with the defendants, Schuchardt & Sons, whereby these defendants agreed to discount or sell in the city of New York,—after having endorsed the same in order to add to the credit and negotiability of the same in said city—such drafts or bills of exchange as said association should draw on certain persons, among whom were Seignoret Frères, of Bordeaux (France). The proceeds of such discount or sale, after deducting commissions and other charges, were credited to and drawn against by said association; the arrangement contemplating the deposit of securities of said association in the hands of the commercial partnership of C. Cavaroc & Sons, which securities were so to remain on deposit in trust until the acceptance of the drafts or

bills so drawn, or their payment, should these defendants (F. Schuchardt & Sons) prefer to have said trust subsist until that time; said C. Cavaroc & Son in the matter of receiving and holding said securities in trust being the agents of both parties (Rec. pp. 25, 26).

Five bills of exchange for 50,000 francs each making together 250,000 francs were drawn by the banking association on Seignouret Fréres of Bordeaux, and in a letter of Sept. 17, 1873, enclosed by Henry Blache, the cashier of said association to Schuchardt & Sons; to be sold on arrival (p. 26, 31.) On the next day, Sept. 18, 1873, the notes mentioned in the list marked Exhibit B, p. 33, were placed in the hands of C. Cavaroc & Sons in trust (pp. 26, 27); and said cashier of the banking association enclosed that list in a letter of same date (Sept. 18, 1873,) p. 36 & pp. 55, 56, containing this statement:

"As collateral security we have this day handed to C. Cavaroc & Son, in trust, the notes mentioned as per list enclosed, guaranteeing the acceptance or payment of the 250,000 francs on Seignouret Fréres, remitted in our letter of yesterday."

On the 19th of September 1873 the board of directors of the banking association had a special meeting; the proceedings of which appear on p. 19 and p. 99 and are spoken of, p. 55. On the next day, (Sept. 20, 1873) there was a called meeting of the board (p. 99) when

"The President stated that the object of the meeting was to inform the board of the unpleasant state of affairs in general, and particularly of the panic actually prevailing in New York. The suspension of Jay Cooke & Co., which was already announced, and which, no doubt, would be followed by many others, would surely tend to increase the present uneasiness, and render our money market still more stringent."

Of the conduct of Schuchardt & Sons in this "disturbed state of affairs" the complainant has given evidence by exhibiting their letters to H. Blache, cashier of the banking association. Sept. 22, 1877, they telegraphed to him, and receiving no answer telegraphed again, request-

ing an immediate reply; 4.45 p. m. they received a telegram reading 'Have remitted about seven thousand and drawn about five.' On the same day they wrote (pp. 83, 84) mentioning the receipt of his of the 17th with its enclosures; and in a postscript said:

"Although our agreement with Mr. Cavaroc jr., was that collaterals should be placed in his hands to secure your drafts on Seignouret, and we have no advice of your having done so, either from you direct or from him, we paid your draft, without hesitation, but must say that we are much surprised that you should have departed from your usual custom of telegraphing advice of your sendings of exchange; for in times of panic like the present it is not pleasant to have sight drafts presented for which we are unprepared."

Schuchardt & Sons state in their letter of Sept. 23, 1873, to H. Blache the cashier (pp 84, 85) "we have to-day only succeeded in placing our drafts for fr's 50,000 at 5.42½ less ⅛ per cent on account of the fr's, 250,000, Seignouret;" and in a letter of Sept. 24, 1873, to the same cashier p. 85, as follows:

"We have the pleasure to advise the sale of our drafts for—
Frs. 100,000, at 5.43¼, less ¼;
100,000, at 5.44¾, less ¼.
against balance of fr's 250,000 Seignouret, per letter 17th inst. Although these prices may appear very low, we consider them as first-class sales."

After the copy of this letter on p. 31 there is a statement of account on p. 32; and a further statement in letter of Sept. 27, 1873, p. 32. The proceeds of sale were duly credited to said association; and said association by drafts on Schuchardt & Sons, drew from them said proceeds (p. 26.)

Exhibits A, B, C, D and E are with the answer of Schuchardt & Sons and mentioned p. 57 by plantiff's witness; Exhibit F, p. 20, is annexed to the affidavit of Charles Cavaroc Sr. p. 16. The securities mentioned in Exhibit D, on p. 33 were placed in an envelope with the name "Schuchardt & Sons," and were first handed to Mr. Cavaroc; he handed them back to Mr. Blache; it

was ~~overlooked~~ understood all the time that they were in trust for Schuchardt & Sons (p. 56.) In lieu and stead and in exchange of some of those securities, others were substituted as set forth p. 27 and in Exhibits E and F pp. 33, 34. The bills and notes involved in this suit remained in the bank in the custody of the note-clerk for account of Schuchardt & Sons: the envelope containing the same had the address or name of "Schuchardt & Sons" (p. 60.)

Of the collections made on account of the securities there is a statement in Exhibit G, pp. 35, 36. In a continuation of that Exhibit pp. 36, 37 there is a statement of such of those securities as remained uncollected when that statement was made.

The Association which during these transactions with F. Schuchardt & Sons was engaged in the banking business in the city of New Orleans, continued to carry on such business until on or about the 4th of October, 1873, when it failed. On or about the 27th of that month, said Association passed into the management and control of John Cockrem as receiver (p. 25 and pp. 37, 38.)

On the 1st of December, 1873, he brought this suit; claiming by his bill (p. 2) that the transfer of securities to F. Schuchardt & Sons was contrary to the "act of Congress of June 3, 1864, and particularly the fifty-second section thereof." The process of injunction is pp. 11, 12. On a rule for the appointment of a receiver, affidavits of Charles Cavaroc (p. 15 to 17) and Charles Cavaroc, jr. (pp. 20, 21) and Exhibits (p. 17 to p. 20) were filed Feb. 21, 1874, and on that day the parties agreeing thereto Charles De Ruyter was appointed receiver, with the powers mentioned in the order pp. 22, 23. Answers were filed April 30, 1874, of F. Schuchardt & Sons, p 24 to 30, and of C. Cavaroc & Sons, p. 37 to 43; the Exhibits mentioned in those answers are p. 31 to 37. By an order of June 20, 1874, p. 46, Mr. De Ruyter is required

pending this litigation to invest in United States bonds money collected by him. The plaintiff, Cockrem, having resigned his office of receiver and Nicholas W. Casey having been appointed thereto, he filed a supplemental bill, and was substituted as complainant, (p. 47 to 49.)

On p. 50 begin the depositions of plaintiff's witnesses; of whom the first is Henry Blache, who had been cashier of the N. O. Banking Association, and since Jan. 1874 has been in the employ of the receiver thereof. (p. 53.) The object of this deposition seems to be to show that the bank, since C. Cavaroc was its president, drew bills of exchange on Schuchardt & Sons of New York and through them negotiated bills in Europe; that on the 31st of May, 1873, through a letter from them to Mr. Blache as cashier, the bank was requested either to conform to its agreement or to withdraw its account (pp. 50, 51 and p. 83). After a statement as to security being given by the bank "for its bills which were negotiated by Schuchardt & Sons," there are (p. 51) the following questions and answers:

"Ques. When did they first make objection to negotiating bills without security?

Ans. In the month of August, 1873, I believe.

Ques. What arrangement was then made?

Ans. It was agreed that they would not negotiate more than five hundred thousand francs on Seignouret Frères, and that collaterals should be placed in the hands of Cavaroc & Son in trust to secure the acceptance or the payment of the drafts.

Ques. Did the bank afterwards draw on Seignouret Frères any bills which were remitted to Schuchardt & Sons?

Ans. Yes, sir. On the 17th Sept., 1873, we drew 250,000 francs which were remitted to Schuchardt & Sons."

Then the witness deposes that Exhibit A p. 31 is a correct extract from the original letter. He also deposes that the bank received from Schuchardt & Sons the letter of Sept. 22, 1873, pp. 83, 84, that of Sept. 23, 1873, pp. 84, 85, that of Sept. 24, 1873, p. 85; and that of Sept.

25, 1873, p. 86. As to the condition of the bank, statement marked 'Blache 6,' * p. 86 to 88, referred to by the witness, is offered in evidence by the complainant and objected to by defendants, p. 52; also statement marked Blache 7, p. 88 to 97 is offered by complainant and objected to by defendants for reasons stated, p. 54.

On cross-examination, the following questions and answers are, p. 56 and p. 57:

"Ques. What was the exact nature of the transactions between the bank and Scuchardt & Sons, by virtue of which the drafts drawn on Seignouret Frères on the 17th September, and the deposit of securities was made; what did Schuchardt & Sons engage to do, and what did the bank?

Ans. The drafts drawn on the 17th September, 1873, on Seignouret Frères of 250,000 francs were remitted to Schuchardt & Sons for negotiation, and the proceeds were placed to the credit of the bank; according to the agreement between Schuchardt & Sons and the bank, collaterals to the amount of 860,000 to be set apart to secure the payment of the drafts."

"What did the bank do when it became advised that it had been credited with the proceeds of these drafts?

Ans. The bank drew before the advices.

Ques. On whom?

Ans. On Schuchardt & Sons, the very same day that the bills were remitted.

Ques. For the full amount?

Ans. For the full amount.

Ques. Were these drafts so drawn on Schuchardt & Sons accepted by them?

Ans. Yes, sir.

Ques. None of these drafts came back on the bank?

Ans. No, sir."

On the same cross-examination are the following questions and answers, p. 58:

Ques. Were the bills or checks or drafts of your bank drawn on New York duly honored immediately before, or after, or on the 17th and 18th of Sept., 1873?

Ans. Yes, sir; they were all paid.

Ques. Did you, on or about that time, pay at your counter, upon presentation, all checks of depositors that were drawn against the bank?

* As to this statement the cross-examination is pp. 58, 59.

Ans. Yes, sir: we paid all checks previous to the suspension of the banks.*

Ques. Did you, on or about that time, draw checks or bills on any domestic city besides New York?

Ans. We may have drawn two or three bills on some western cities, St. Louis or Cincinnati; but they were of insignificant amount.

Ques. Were they duly honored?

Ans. Yes, sir; except one in Texas was not paid. It was presented after the failure of the bank.

Ques. And about that draft on Texas, did you not receive a letter from the payee to the effect that he regretted you had not drawn more?

Ans. Yes, sir.

Ques. Showing that he would have honored your draft if it had been presented before the failure of the bank?

Ans. Yes, sir.

Ques. Then the New Orleans National Banking Association, on or about the 17th September, 1873, was in good report and good credit in the United States?

Ans. I do not know anything about that, but I know that all bills that were drawn by the bank were paid and honored.

Ques. Did you sell exchange on New Orleans on or about the 17th September, 1873?

Ans. We were selling sight exchange on New York continually every day.

Ques. Was it sold at the counter upon demand?

Ans. Yes, sir.

Ques. Did people give their money for your checks?

Ans. Yes, sir.

On a re-examination, the witness having been interrogated as to whether there was made to the comptroller at Washington any statement as to notes being pledged to particular creditors, there was a re-cross examination in which there were p. 63, the following questions and answers:

"Ques. Had they ceased to be the property of the bank at that time?

Ans. Well I considered them the property of Schuchardt & Sons, but they appeared on the books as the property of the bank.

Ques. What made you consider them the property of Schuchardt & Sons?

Ans. Because I considered they were pledged.

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* Suspending payment in currency except for sums of $25 seems to have been by agreement of about eleven banks in New Orleans, Sept. 25, 1873. P. 59 and p. 64.

Ques. And therefore the pledge made the pledgee the owner of the property?

Ans. Yes, sir.

Ques. That was your understanding?

Ans. Yes, sir; my impression was that it was pledged to Schuchardt."

The complainant examined another witness, *Armand Willoz*, p. 68 to 71, as to 'exhibit Willoz 1' pp. 106, 107, and then offered depositions of ten witnesses taken in a different suit of the plaintiff. Of these ten the first is Amilcar Fortier, president of the Bank of America. In his examination there are p. 72, the following questions and answers:

"Ques. Do you know what the reputation of the New Orleans National Banking Association was in bank circles in 1873?

Ans. Well, before it stopped it had a pretty good reputation; its exchange was offered and was sold regularly.

Ques. Do you know what the rumors among banking men were as to its solvency for the three months prior to its suspension?

Ans. It was then very good, three or four months prior.

Ques. I say, during the three months prior to its suspension, were there not many rumors concerning its solvency?

Ans. No, sir; not many.

E. H. Reynes, who, in the summer of 1873 was a banker and agent of bankers in New York, is examined as to rumors affecting the credit of the banking association, and says (p 76) "no one thought the banking association would suspend." Though the rumor was that the bank was embarrassed, it was "regarded as a temporary embarrassment;" "it was generally thought so, and it was so expressed to" witness "by bank presidents."

Defendants offered in like manner depositions taken in other cases, p. 108, of sundry witnesses, the first of whom is *Emile Sigouret, junior*, of Bordeaux, France. He deposes that the five drafts for 50,000 francs each were presented for acceptance; that acceptance was refused; and they had never been paid (p. 109).

Charles De Armas who was note and discount clerk of the banking association on the 17th of September, 1873,

and until the 4th Octo. 1873, deposes (p. 110 to 122) as to the securities set apart for Schuchardt & Sons.

Charles Cavaroc, sen'r, is interrogated as to the transaction in September, 1873 with Schuchardt & Sons. On pages 122, 123 are the following questions and answers;

"Ques. What was that transaction?

Ans. The bank drew on Schuchardt & Sons two hundred and fifty thousand (250,000) francs against a pledge of notes secured in the hands of C. Cavaroc & Son for the payment of these 250,000 francs.

Ques. On whom were these drafts drawn?

Ans. On Seignouret Frères, Bordeaux.

Ques. Can you by any means fix the date on which the drafts were drawn?

Ans. It was on the 17th or 18th September.

Ques. Were or not any notes and securities given in pledge to secure these drafts?

Ans. Yes, sir.

Ques. What time?

Ans. One day after. I think it was the 18th or 19th.

Ques. What was done with these notes and securities?

Ans. The notes were given to me by Mr. De Armas, the note clerk, and I gave them to Mr. Blache to be kept in his box, not as cash of the bank, but he had a good safe and he put them in.

Ques. Look at "Exhibit B" annexed to your affidavit in this case and state whether it contains a list of the notes and securities which were given on that occasion?

Ans. Yes, sir: it is the list."

Defendants offer in evidence Exhibit B p. 18. and examining witness as to Exhibit D pp. 18, 19, offer that also in evidence.

"Ques. After these notes and securities were delivered to you by Mr. De Armas, the note clerk of the bank in trust for Schuchardt & Sons, what did you do with them; what became of them after that?

Ans. I took them back from Mr. Blache and put them in my own bank-box."

On p. 124 is the following:

Ques. Look at Exhibit A annexed to the bill of complaint in this case, and say whether or not it contains a list of all the notes and securities which your firm had in its hands in trust for Schuchardt & Sons at the time of the close of the bank?

Ans. Yes, sir.

Ques. Does that include both the original and substituted notes?

Ans. Yes, sir.

On p. 125 as to the notes and securities:

Where were they at the time you turned them over to the receiver in this case?

Ans. In my bank-box.

Where was that?

Ans. It was not in the bank because the bank had closed; but I think it was in the Bank of America."

On p. 126 as to the statement marked 'Willoz 1:'

"Ques. Was or not the indebtedness of the bank to Schuchardt & Sons borne on that statement Willoz 1, as a debt of the bank, included in the statement on the creditor side?

Ans. Yes, sir.

Ques. Then the indebtedness for which the securities were given in trust was given in the same statement of the bank?

Ans. Yes, sir."

On p. 127:

Ques. What became of these drafts drawn by the bank on Seignouret Frères?

Ans. They are in the hands of Schuchardt & Sons because Seignouret Frères did not pay these drafts and Schuchardt & Sons had to pay them.

Ques. Do you know of your own knowledge that they had been negotiated by Schuchardt & Sons?

Ans. No, sir.

Ques. Were they not sent forward by them for acceptance?

Ans. I do not know, because generally he sold his own drafts in New York and sent those on Seignouret Frères for collection.

Ques. That was the manner?

A. Yes, sir."

Charles Cavaroc Jr. in answer to a question on p. 129 says:

"Schuchardt & Sons consented to receive the drafts of the bank on Marseilles, Havre and Bordeaux, on the express condition that securities should be deposited with C. Cavaroc & Son until the acceptance or payment of the drafts, and that then they would authorize us to give up the securities; but at the same time it was expressly understood that Cavaroc & Son, as the trustees of these securities would have the right to change them, so as not to injure the bank; if they were maturing to exchange them for other securities."

Ques. That was positively agreed upon?

Ans. Yes, sir; it was agreed upon by me and it was ratified by the operation of the bank.

Ques. When that agreement was made between you and Mr. Wells representing Schuchardt & Sons, was there any memorandum made then so as to preserve evidence of what was agreed upon?

Ans. Yes, sir.

Ques. By whom?

Ans. By Mr. Wells.

Witness produced and defendants offer in evidence, the paper whereof Exhibit G p. 175 is a translation. He also deposes, pp. 129, 130, that he wrote the letter of September 19, 1873, p. 175, marked Cavaroc H, and offered in evidence; that when he wrote it he had in his possession the securities therein mentioned; and that they were in an envelope; that Exhibit B p. 21 is that envelope; and that on it are certain words written by him. Then, p. 130, are the following questions and answers:

"Ques. After the 17th September, 1873, what became of the envelope and the securities contained in it?

Ans. They were closed in the box of C. Cavaroc & Son, and from time to time remitted to the president of the bank for exchange of securities. But if my memory serves me aright, that happened only once or twice.

On p. 131:

"Does or not the list marked 'Exhibit A,' annexed to the complainant's bill, which I show you now, contain a list of all the securities that you got in trust for F. Schuchardt & Son, in the manner you explained in your testimony?

Ans. Yes, sir.

Ques. Were all those contained in the envelope, that you referred to, at the time that the bank closed?

Ans. Yes, sir.

Charles De Ruyter deposes, p. 133, as to the five bills of exchange, p. 175 to 196, with protests attached, each for 50,000 francs. He states, March 31, 1875, that he received them "two or three days ago from New York from F. Schuchardt & Son;" and deposes to the genuineness of the signatures.

In the narrative of *Samuel H. Kennedy*, president of the State National Bank, there are, p. 135, the following questions and answers:

"Ques. Were you here during the summer of 1873?

Ans. I was.

How long were you here—the whole season?

Ans. I was here until the early days of July, 1873?

Ques. From your position as a bank officer, would you have knowledge of the condition of other banks in the city?

Ans. I consider that I would.

Ques. What was the condition in the community as to the credit of the New Orleans National Banking Association up to the time that you left?

Ans. It was considered in good standing."

Allusion having been made, in examining some of the plaintiff's witnesses, to a meeting of bank presidents on the 31st of May or first of June, 1873, Mr. Kennedy states, p. 135, where that meeting was held and what was its object.

The deposition of *Jules Aldigé*, a director in the New Orleans National Banking Association, taken in a suit wherein the Société de Credit Mobilier were, with others, defendants, is p. 138 to 147. That of *Charles Cavaroc*, its president, is p. 140 to 155. The deposition of *George Jones*, president of the New Orleans Canal & Banking Co., is p. 155 to 158. There is also a deposition of Mr. Jones, p. 158 to 169, which was taken in a suit of Cockrem *vs.* Louis Schneider & others. On pages 160, 161, there are the following questions and answers:

"Ques. What was the credit of the New Orleans National Banking Association down to the time of its suspension, as far as your knowledge went?

Ans. As far as my knowledge goes, the bank was in fair credit up to the time of shutting her doors.

Ques. Did you deal with her as in good credit?

Ans. Yes, sir.

Ques. Did you buy exchange from her?

Ans. Yes, sir.

Ques. Can you hand in a list of what you bought?

Ans. Yes, sir; it has been handed in. Our bank bought bills from May up to the middle of September, for large amounts.

Mr. Jonas, Mr. Louis Schneider and Patrick Irwin were the trustees appointed by the associated banks under the agreement ~~marked I~~), p. 103 R On page 167 are the following questions to and answers by Mr. *Jonas:*

"Ques. You seem to have realized money very rapidly in the month of November from the collaterals which you got from the New Orleans National Banking Association; can you state how you realized that money?

Ans. Yes, sir; they had an excellent port folio.

Ques. Was that money all realized by collections?

Ans. Nearly all.

Mr. *Schneider* and Mr. Irwin besides being trustees (as before stated) were presidents; Mr. Schneider of the Germania National Bank; Mr. Irwin of the Hibernia National Bank. The deposition of Mr. Schneider is, p. 170 to 173; that of Mr. Irwin, pp. 173, 174. In Mr. *Schneider's* examination, p. 171, are the following question and answer:

"Ques. Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of 1873, until it finally stopped altogether?

Ans. Her condition was generally supposed to be very good from the fact that the Germania Bank purchased from the month of May—May 2d until Sept. 13, 1873—about $700,000 in exchange from the New Orleans National Banking Association, and if we had supposed there was any thing wrong we should not have taken any risk. I will add also that, as an individual stockholder of 100 shares in the New Orleans National Banking Association, if any thing had been wrong to my knowledge, I should have sold out."

In Mr. *Irwin's* examination pp. 173, 174 are the following:

Ques Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of about 1873, and whether you had any dealings with that bank?

Ans. I bought a good deal of exchangs from time to time from that bank; I bought it a day or ~~two~~ three before they stopped.

Ques. You mean a day or ~~two~~ two before the 4th of October or the suspension?

Ans. Before the bank suspended—before the 4th of October.

Ques. You would not buy exchange of them, if you thought they were not good.

Ans. No, sir; I thought her really good until the last day; the last day they cleared, intimating they were weak. They cleared, by selling exchange, and they did not come in after that.

Although the evidence in the cause is thus extensive, yet, whether the transfers made on or after the 17th of September, 1873, of notes and other evidences of debt owing to the New Orleans National Banking Association were after the commission of an act of insolvency, or in contemplation thereof, is, under section 52 of the act of Congress of June 3, 1864 (13 Stat. p 115) and under section 5,242 of the Revised Statutes of the United States (p 1019) immaterial unless those transfers were "with a view to prevent the application of its assets in the manner prescribed by" the act of Congress, "or with a view to the preference of one creditor to another." This cannot be, where as in the present case the transfers were for an '*equivalent*;'—obtained in the proceeds of the discount or sale of the five bills of exchange for 50,000 francs each.

The views expressed and the authorities cited in the cause of *Casey, Receiver*, vs. *La Société de Credit Mobilier*, &c., 2 Woods, 77, were considered to apply to this case and also to the case of *Casey, Receiver*, vs. *Schneider*, &c.. and that of *Casey, Receiver*, vs. *National Park Bank of New York*, &c.. The Judge said:

"These are cases, where the defendants before dealing with the Banking Association and putting their means in its possession, demanded and received security by the transfer of the notes, &c., from the port folio of the association. In my judgment there is no provision in the currency act and I am sure there is no principle of equity or justice which would rob these defendants of their security. Granting that the association was insolvent and that defendants knew it, they could not put the association in bankruptcy nor could they take steps to place it in the hands of a receiver. They were not forbidden to deal with it and if they

assisted the association with their means there was no provision of law to forbid them from demanding and receiving security. Suppose, as claimed by the complainant, the association was insolvent on the 12th of July 1873, that as testified to by Blache, the cashier, it had, at that time, lost its capital. The general creditors are not injured by the subsequent transactions of the bank with these several defendants. They put in the bank, dollar for dollar, for all they took out. If these defendants have absorbed the assets of the bank they have only absorbed their own means, for by the theory of complainant, the bank had nothing. All four of these cases are so near alike in their facts and the differences in the facts of each case are so immaterial, that I have not thought it necessary, even if I had the time, to go into a discussion of the facts in each. My conclusion is the same in all the cases that the bills must be dismissed and the injunction dissolved."

The decree is p. 188.

Brief of the Argument.

As to this banking association, there are such presumptions as are applicable to other corporations (*Bank of U. S.* v. *Dandridge* 12 Wheat. 70 *et seq.*) in respect to the authority of agents and the ratification of their acts. Story on Agency, § 239; *Moss* v. *Ross Lead Man. Co.* 5 Hill, 175. The "party who has had the benefit of the contract cannot be permitted to question its validity." *Steam Nav. Co.* v. *Weed* 17 Barbour, 382; *Township of Pine Grove* v. *Talcott* 19 Wallace, 678, 679.

The pledge of the securities in question to F. Schuchardt & Sons entitles them thereto as against an assignee in bankruptcy. *White* v. *Platt*, 5 Denio 271, 272; *Mitchell, &c.* v. *Black, &c.* 6 Gray, 109; *Clark* v. *Iselin*, 21 Wallace 368. They are entitled to the same, notwithstanding any change which the securities may have undergone in point of form, so long as the securities are capable of being identified and distinguished from other property. Property thus circumstanced is equally recoverable from the assignees of a person in the event of his becoming a bankrupt, as it was from that person himself

before his bankruptcy. The property in its original state and form being covered with a trust, no change of that state and form can divest it of such trust or give to those who represent the bankrupt in right any more valid claim in respect to it than they had before such change. *Taylor, &c.* v. *Plumer*, 3 M. & S. 594.

To avoid the decision in *Clark* v. *Iselin*, the other side insists that the transaction is to be governed not by the law of New York where Schuchardt & Sons were domiciled, but by the law of Louisiana where the Banking Association was located. This argument was met by the judge of the court below in *Casey* v. *La Société de Credit Mobilier*, 2 Woods p. 83 *et seq.* It is now met with the additional answer that the case is in a court of equity wherein a complainant is not entitled to any aid that is not according to principles of equity. This is a fundamental rule of the court of chancery of England. And in a court of equity of the United States the remedy is according to the principles of equity as "defined in that country from which we derive our knowledge of those principles," *Robinson* v. *Campbell*, 3 Wheat. 222–3; there is the same jurisdiction and the same rule of decision in Louisiana as in every other State. *U. S.* v. *Hoxland*, 4 Wheat. 115. "The chancery jurisdiction given by the Constitution and laws of the United States is the same in all the other States of the Union; and the rule of decision is the same in all." *Boyle* v. *Zacharie &c.*, 6 Peters, 658.

What then are the principles of equity? So long ago as 8 Ann., though the subject was *land* and the conveyance was defective, a court of equity held that "the assignees ought not to be in a better case than the bankrupt who was plainly bound in equity by this defective conveyance." *Taylor* v. *Wheeler*, 2 Salk. 449.

The Lord Keeper (Lord *Cowper*) said: "It was too hard to extend a penal law in a court of equity to the prejudice of the plaintiff, who was

in the nature of a purchaser by a defective conveyance and had contracted and agreed for a security on those lands, which the other creditors had not; but lent to the bankrupt upon a general credit, and could therefore be entitled to no more than what properly was the bankrupt's; and against the bankrupt himself, the plaintiff had a plain equity, and he must have been decreed to have supplied his defective conveyance." *Taylor* v. *Wheeler*, 2 Vern. 565.

In 8 Geo. I, Lord Chancellor *Parker* said: "Assignees can take nothing but what the commissioners can assign; and the commissioners can assign nothing but what the bankrupt could *honestly* assign to them." He said "agreement to transfer stock, transfer wanting; agreement to surrender copyhold, surrender wanting—cases both alike; and therefore as the court will compel a surrender, so it will a transfer." *Cock* v. *Goodfellow* 9 Mod. 497, 498.

The cases of *Tayter* v. *Wheeler* and *Cock* v. *Goodfellow* are recognized and acted upon by Lord *Hardwicke* in 1746. Observing it had been "insisted that as there was no indorsement of the bills of lading and invoice to the defendant H. they were left under the sole direction and disposition of the bankrupt, and therefore are subject to the clauses in the act of parliament," Lord *Hardwicke* said: "If this doctrine should prevail it would be attended with the most mischievous consequences." *Brown* v. *Heathcote* 1 Ath. 163. *Taylor* v. *Wheeler* is also cited by him in *Hinton* v *Hinton* 2 Ves. 633.

A transaction before Lord *Hardwiche* in 1749 was regarded by him as "an agreement for valuable consideration beforehand to lend money on the faith of being satisfied out of" a particular fund; he said, "It is a credit on the fund and must amount to an assignment of so much of the debt." *Row* v *Dawson*, 1 Ves. 331. In 1754 he considered the bills in question as "*appropriated* to a particular purpose and intended to answer and reimburse the J's what they should pay on this special account." *Ex parte Dumas* 1 Ath. 234.

It has become familiar doctrine that an assignee in bankruptcy takes *subject to all equities* attaching upon the bankrupt *Milford* v. *Milford* 9 Ves. 100; *Exparte Hanson*, 12 Id. 348; *Grant* v. *Mills*, 2 Ves. & B. 309; *Turner* v. *Harvey*, Jacob, 169, 4 Cond. Eng. Ch. R.; *Mitchell* v. *Winslow*, &c., 2 Story, 637, 638. The Vice-Chancellor of England in 1817 (Sir *Thomas Plumer*) said:

"There is a positive affidavit of the petitioner that he deposited the bills for a specific purpose and that is not denied in the affidavit of the bankrupt. If it had been considered as contrary to the usual course of the bankrupt's dealings to take bills thus specifically appropriated, they should have objected to taking them in that manner; not objecting there was a tacit acquiescence in the purpose for which the bills were delivered. Their mode of entering the bills cannot decide the purpose for which they were deposited. If a banker is expressly directed to apply bills to a particular purpose, he must so apply them or express his dissent. The fact of a *specific appropriation* of the bill by the petitioner is established, and the law is clear." *Ex parte Aiken*, &c., 2 Madd. C. R. p 192 of Eng. p. 441 of Am. edi.

No matter then what may be the course of decision in Louisiana in a court of law, a court of equity will act upon its established doctrine. *Ex parte Smith*, 3 Swanst, 392, 394. In this court "in cases like the present, the assignees stand in the place of the bankrupt; his rights are their rights; and [redacted], like the liens of judgments at law, are subordinate to all prior liens, legal and equitable, upon the property in question." *Swayne, J.* in *Gibson* vs. *Warden*, 14 Wallace 248.

Whether the transfers in question of notes, bills or other evidences of debt owing to the banking association were "made with a view to prevent the application of its assets in the manner prescribed," (by the act of June 3, 1864, or by the Revised Statutes,) "or with a view to the preference of one creditor to another,"—is a question on which decisions of English courts bear very materially. *Hunt &c.* vs. *Mortimer*, 10 Barn. & Cress, 44, 21

Eng. C. L.; *Morgan, &c.* vs. *Brandrett, &c.* 5 Barn. & Adol, 289, 27 Eng. C. L.; *Baxter &c.* vs. *Pritchard &c.*, 1 Adol. & El., 456, 28 Eng. C. L.; *Abbott &c.* vs. *Pomfret &c.*, 1 Bingh, N. C., 462, 27 Eng. C. L.; *Hutton &c.* vs. *Cruttwell*, 1 El. & Bl. 15, 72 Eng. C. L.; *Young &c.* vs. *Waud*, 8 W., H & G (Exchcq.) 221; *Lee* vs. *Hart, &c.* 11 Exchcq. (H. & G.) 880, 34 Eng. L. & Eq. 569. In the Queen's Bench in 1856 a conveyance by a trader of goods with a view to obtain future advances was sustained, though the whole of the trader's stock was included in the conveyance.

Lord Campbell, C. J. said: "If the conveyance be made *bona fide with a view to obtain advances for the purpose of carrying on the trade*, I think it is not an act of bankruptcy."—"I cannot say that the advantage obtained for the trader and his creditors by these advances was not a full equivalent for the pledge. In times of pressure an advance in ready money of a very small amount may very often enable a trader to avoid stopping payment and so enable him to pay all his creditors 20s in the pound." *Erle*, J., said: "I think this assignment was perfectly *bona fide*, made in the sincere belief that by the aid of the money thus obtained the trader would be able to go on and that it would assist the creditors."—"I think on the facts stated, there are indications that the trader stood so that he hoped to be able to go on. It is true that the real estate of his affairs was such that he could not possibly continue his trade: and perhaps he knew so much of them that it ought to have been clear to his mind that he could not go on. But it is plain to me that this was not clear to his mind and that he raises this money, intending not to delay his creditors, but to meet them." As to whether an assignment of all a trader's goods as a pledge for a sum less than their value 'must, in point of law, be an act of bankruptcy,' *Erle*, J. said: "To hold so seems to me inconsistent with the very salutary decision that a *bona fide* sale of goods in a season of pressure by a trader for whatever ready money can be obtained is valid, though the price may be small. The principle of that decision I take to be, that the power of raising a small sum in ready money on an emergency may often, in the exigencies of trade, be of immense value. We have seen times when bankers of undoubted solvency have had difficulty in raising a few thousand pounds, though the command of that sum for a few hours was essential to enable them to keep the bank open, and so to preserve a business of immense value." *Bittlestone* vs. *Cooke* 6 El. & Bl. 307 to 309, 88 Eng. C. L.

There are concurring decisions by the common pleas, *Hale, &c.*, v. *Allnut*, 18 Com. B. (9 J. Scott) 505, 86 Eng. C. L; *Pennell* v. *Reynolds*, 11 Com. B. (J. Scott, N. S.) 721, 103 Eng. C. L; and the Court of Exchequer. In this court in 1857, when *Graham, &c.*, v. *Chapman*, 12 Com. B. (3 J. Scott) 85, was cited, *Pollock*, C. B., said: "It cannot be inferred from *Graham* v. *Chapman*, that a *present advance* is not available. The Court held the deed to be an assignment of everything without securing any present advantage to the bankrupt." *Bell, &c.* v. *Simpson*, 2 Hurl. & Norm., 411. Then it was argued that where a man gives a security, which extends over the whole of his property, for a consideration, which is in part an antecedent debt that is an act of bankruptcy; *Pollock*, C. B., (in 2 H. & H., 411,) said: "That is contrary to *Young* v. *Waud.*, 8 Excheq., 221."

The case of *Hutton* v. *Cruttwell* was an authority to show the validity of the assignment in *Harris, &c.* v. *Rickett*, 4 H. & N. 1. The judgment of the Court of Exchequer in *Mercer* v. *Peterson*, L. R. 2 Excheq. 304, was affirmed in the Exchequer Chamber in 1868.

Cockburn, C. J., after stating the circumstances, said: "The bill, therefore, may be said to have been given on a twofold consideration, the one past, the other present or future; and it has been held that where a dealer assigns his whole property, but receives in return a *fair equivalent*, the transaction is not void under the bankrupt laws." *Mercer* v. *Peterson*, L. R. 3, Excheq. 104; recognized and acted upon in 1871 in *Lomax* v. *Burton*, L. R. 6 C. P. 115.

Lord Chancellor *Hatherley*, in 1870, after mentioning the class of cases where the 'whole of the person's property who afterwards becomes a bankrupt has been assigned for an antecedent debt, and no further advance has been made', and setting aside this class as not pertinent to the case before him, says:

"It has been held that if there be as Mr. Justice *Willes* puts it) either a substantial exception from the whole of the bankrupt's property, or *a*

substantial advance made at the time, in addition to any antecedent debt, then the deed will be supported, of course always in the absence of any special circumstances affording evidence of a fraudulent concoction between the parties." *Allen* v. *Bonnett*, L. R. 5 Ch. App. 580; cited in 1872 in *Exparte Reed, &c.*, L. R. 14 Eq. 593, 594.

"With what reason can it be said that there was here an assignment or charge without a present equivalent." *Bramwell* B. in *Philps* v. *Hornstedt*, L. R. 8 Excheq. 30.

Sir *James Bacon* Chief Judge in Bankruptcy, in 1872 said: "'Equivalent,' no doubt, is an expression which may mislead, but I do not understand that in any of the cases it means a substantial sum of money paid down. If the trader carrying on his business has something done for him which enables him to continue carrying it on, that is an equivalent. It does not go directly to the creditors, but the creditors are greatly interested in the fact of the man carrying on his business, and if the transaction enables him to do so, it cannot be said that the creditors had not some equivalent. The question as to the amount was never raised in any of the cases, but it is used only as a test of good faith in the transaction, and to exclude the notion that, by means of the agreement, whatever it was, the object was to prefer one creditor to the other." *Exparte Reed, &c.*, L. R. 14. Eq. 593.

Thus it is "now well established that assignments of debtor's property are not fraudulent acts of bankruptcy, if the debtor gets what has been called a fair present equivalent or substantial consideration." Such is the language of the Exchequer Chamber in 1875. *Philps* v. *Hornstedt*, L. R. 1, Excheq., D. 64. In this case, Lord *Coleridge*, C. J., in delivering the judgment, adopts Sir

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* In delivering the judgment of the Common Pleas in 1862, *Willes*, J., having referred to that of Mr. Commissioner *Hill* in *Exparte Cottrell*, 1 Law Times, N. S. 465, said: "In the broad rule which he is reported to have laid down—that the advance of a sum of money short of the value of the property is not a substantial exception of the property assigned—we cannot concur. If the deed professes to assign the whole of the bankrupt's goods with a colorable exception only, it is as much an act of bankruptcy as if the whole had been assigned. If there be an assignment, not of the whole, but with a real and substantial exception, in the absence of fraud, that will not be an act of bankruptcy. In our judgment, *a present substantial advance* of money puts the transaction upon the same footing as an assignment with a substantial exception of part of the property. It is not necessarily an act of bankruptcy. The advance may be the means of enabling the assignor to go on with his trade, and so the transaction may be beneficial for the creditors. *Pennell* v. *Reynolds*, 11 Com. B.; (J. Scott) N. S. 721, 103, Eng. C. L.

James Bacon's language as expressing the principle of the decided cases, 'that if the trader carrying on his business has something done for him which enables him to continue carrying it on, that is an equivalent,' L. R. 1, Exchcq., D 66. See also in the same year (1875) *Ex-parte Winder*, L. R. 1, Ch. Div., 295; and in 1876, *Ex-parte Sheen*, Id. 560, and *Exparte King*, 2 Ch., Div. 256.

The decisions in the United States are on a like principle. *Stevens* v. *Blanchard* &c., 3 Cush, 173. That which has been done is not contrary to the provisions of the 35th or any other section of the act of Congress of March 2, 1867 'to establish a uniform system of bankruptcy throughout the United States' (14 Stat. p 534) or to section 5021 or any other section of the Revised Statutes of the United States (p 976). The transaction was not by a person "with a view, to give a preference to any creditor or person having a claim against him, or who is under any liability for him;" but was in the usual and ordinary course of business. *Tiffany* v. *Lucas*, 15 Wallace, 410; *Cook* v. *Tullis*, 18 Id., 332; *Tiffany* v. *Boatman's Institution* Id. 376; *Mays* v. *Fricton* 20 Id., 420; *Clark* v. *Iselin*, 21 Id., 369; *Watson* v. *Taylor* Id. 378; *Barnhisel* v. *Firman*, 22 Id. 177; *Sawyer*, &c., v. *Turpin*, &c., 91 U. S. (1 Otto) 121; *Jerome* v. *McCarter*, 94 U. S. (4 Otto) 739.

That which has been done is not contrary to the provitions of the 52d or any other section of the act of Congress of June 3d, 1864 (13 Stat. p. 115,) or to section 5242 or any other section of the Revised Statutes of the United States (p 1019). The transaction was not with a view to prevent the application of assets in the manner prescribed by the act of 1864 or the Revised Statutes or with a view to the preference of one creditor to another. "The preference of one creditor to another, mentioned in the 52d section, is a preference given to an existing creditor

for a pre-existing debt." In Louisiana, at Nov. T. 1874, *Woods* J said:

"If a customer or friend of a bank, knowing it to be embarrassed and in need of assistance, proffers it, for instance, a loan of $50,000 in cash, on receiving security for the amount by a transfer of a part of its port folio, that cannot be fairly construed as giving him a preference over other creditors. Other creditors are not injured by such a transaction: for the securities that such a creditor takes out he leaves an equivalent in cash, he becomes a creditor solely on condition of receiving security"—as claimed by counsel for defence, it is in effect an exchange of values rather than the giving of a preference to a creditor." *Casey Receiver* v. *La Societe de Credit Mobilier*. 2 Woods 81.

In the present case it may well be said of the transaction, as Sir *James Bacon* said of that before him in 1872, "It seems to have been as plain a transaction as could be conceived." He then said:

"The present creditors undertook to pay and advance on behalf of the bankrupt the amount of the several bills of exchange then outstanding, and on the very day on which the bills became due they did pay them. The evidence amounts to this most distinctly and clearly." *Ex parte Reed*, &c. L. R. 14 Eq. 593.

In the present one the evidence shows a yet stronger case in favor of the transferrees. It shows distinctly and clearly that even before the bills became due—within a few days after they were drawn, and within a few days after the original transfer of the securities—the proceeds of the bills were to the credit—of the transferrors. "It is," in Sir *James Bacon's* language "a *bona fide* transaction coming within the principle established by the cases." L. R. 14 Eq. 594. It "does not contravene either the letter or spirit of the bankrupt laws." L. R. 1 Exchcq. Div. 66. Nor does it contravene either the letter or spirit of the act of Congress of June 3, 1864.

It was a transaction which gave such an advantage as might, or as the parties reasonably believed, might, enable the "banking association" "to go on." As Lord *Coleridge*, C. J. said, in delivering the judgment of the

Exchequer Chamber in 1875, "The present case is an ordinary mercantile transaction;"—"there was no attempt or intention to evade" the laws;—"it was a *bona fide* arrangement honestly entered into and honestly carried into effect. It is therefore impossible to say, under the circumstances, that "it might not have been of the greatest value to the" "banking association;" it might have saved" its "credit, and enabled" it "to go on and get over" "its difficulties." L. R. 1 Exchcq. Div. 66.

CONWAY ROBINSON,

For Appellees.

January 14, 1878.

SUPREME COURT OF THE UNITED STATES.

No. 181.

NICHOLAS W. CASEY, RECEIVER, &c., APPELLANT,

vs.

C. CAVAROC & SON.

STIPULATION OF COUNSEL AND ADDITION TO RECORD.

UNITED STATES OF AMERICA,
DISTRICT OF LOUISIANA.

U. S. Circuit Court, District of Louisiana.

JOHN COCKREM, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION, Nicholas W. Casey substituted as Receiver,
vs.
CHARLES CAVAROC & SON ET AL. } No. 7,064.

Deposition of Samuel H. Kennedy, taken on behalf of the defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, Nicholas W. Casey substituted as receiver, vs. The National Park Bank of New York et al., No. 7,072, U. S. Circuit Court, District of Louisiana, offered in evidence on behalf of complainant on the trial of the above-entitled cause.

Samuel H. Kennedy, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By Mr. Clarke.

Ques. You are President of the State National Bank?

Ans. Yes, sir; I am.

Ques. How long have you been such?

Ans. Since 1870.

Ques. Is the institution engaged extensively, or how large is its business?

Ans. It is doing considerable business.

Ques. Compared with other institutions in the city?

Ans. It is among the leading banks.

Ques. You have been engaged in buying and selling exchange since your organization?

Ans. Yes, sir.

Ques. And discounting notes?

Ans. Yes, sir.

Ques. Were you here during the summer of 1873?

Ans. I was.

Ques. How long were you here?—the whole season?

Ans. I was here until the early days of July, 1873.

Ques. From your position as a bank officer would you have knowledge of the financial condition of other banks in the city?

Ans. I consider that I would.

Ques. What was the condition in the community as to the credit of the New Orleans National Banking Association up to the time that you left?

Ans. It was considered in good standing.

Ques. Was it selling exchange?

Ans. It was buying and selling exchange and doing its regular business, so far as I am aware.

Ques. There has been an allusion made in the course of this examination to a meeting of bank presidents, called by Mr. Cavaroc on the first of June or the 31st May, 1873: were you present at any meeting called by Mr. Cavaroc?

Ans. I recollect I was present at one meeting.

Ques. What day of the week was it?

Ans. If I recollect aright it was Sunday.

Ques. Where was it held?

Ans. In the rooms of the New Orleans Insurance Association.

Ques. What was the object of the meeting?

Ans. The object of the meeting was to come to the aid and assistance of the New Orleans Insurance Association.

Ques. Was assistance rendered?

Ans. Assistance was rendered.

Ques. Was any assistance rendered to the New Orleans National Banking Association?

Ans. Not directly.

Ques. How was it indirectly, at this meeting?

Ans. I understood the matter to be this as represented there: the New Orleans Insurance Association had drawn a large amount of francs on correspondents in France and that they were unable to meet these bills unless they were to borrow some money; and that the protesting of these bills with the endorsement of the New Orleans National Banking Association would bring discredit on both institutions. And therefore it was very important to lend money to the Insurance Association to avoid these bills coming back.

Ques. Was there anything said about the relation of the Insurance Association to the Banking Association, as debtor or creditor?

Ans. I understood from the President of the Bank that the Insurance Association was owing him, the Bank, a large amount of money.

Cross-examined by Mr. Rouse.

Ques. What particular interest had your Bank in sustaining the Insurance Association?

Ans. I have already explained to you that it was indirectly the Bank; that it would not do for the bills to come back protested—that is their endorsement. It was rather an unusual business as you are aware, but still it had been for a very considerable time. The Insurance Association drew sixty-day franc bills upon Bordeaux, and the National Banking Association endorsed these bills and sold them. Now if these bills had to be protested in Europe and came back, it would have affected both institutions, the Insurance Association and the Bank.

Ques. Then if the New Orleans National Banking Association had not been on the bills you would not have had any motive to make the loan to the Insurance Association?

Ans. Well, I do not see why he called the presidents of the banks together, he ought to have called together the insurance companies, but we had no transactions with the Bank, it was the Insurance Association and they paid us for it.

Ques. What security did they give to you?

Ans. At the time, they did not give any. It was understood that they should give it, but I went to Europe, and the matter was setiled before I came back.

Ques. Was it not understood that the Insurance Association was to give a mortgage?

Ans. I believe they were to give a mortgage on their insurance building, but I was not present, I went away.

Ques. You were not present at a meeting called by Mr. Cavaroc prior to this Sunday meetmg?

Ans. I do not remember being present but at one meeting.

Ques. Do you remember the bank presidents being called together by him, for the purpose of rendering assistance to the Banking Association, prior to this Sunday meeting?

Ans. It is not very fresh on my mind, but I may have attended such a meeting.

Ques. Who invited you to this Sunday meeting?

Ans. I cannot recollect distinctly.

Ques. Was it Mr. Blache, the Cashier of the Banking Association?

Ans. I cannot recollect who did; I know Mr. Schneider and Mr. Cavaroc came to see me, but who specially invited me to that meeting, I do not remember. My mind is not clear on that point. I know I went there and found all the gentlemen there.

By Mr. Beckwith for complainant.

Ques. How long, prior to this Sunday meeting, had you been aware of the fact, as a banker, that the Insurance Association and the New Orleans National Banking Association had been, the one drawing, and the other endorsing drafts?

Ans. I think these bills of the Insurance Association had been on the market here for a year.

Ques. Was it not considered kiting?

Ans. We could not understand it exactly. We considered the Insurance Association good, it had very good credit and we supposed it was some financial operation. You know people sometimes draw bills of credit, then cover them and make a handsome profit. For instance, if you draw for sixty days in the spring of the year, at the end you may cover and make a profit.

Ques. Is not that an extraordinary financial transaction for an insurance company to embark in?

Ans. Well, I should say it was.

Ques. Would it not be an extraordinary charter to enable them to enter into this?

Ans. Well, we considered Mr. Cavaroc as rather an extraordinary man, and this business seemed to be of the Cavaroc style.

Ques. At this meeting on Sunday was any investigation made by you bank presidents into the authority of the Insurance Association to draw these drafts?

Ans. Yes, sir; I think we did. I thought she had a perfect right to do a banking business. Her charter is a remarkable one. It is not clear to my mind but I think she could do a banking business; anyhow she could borrow money and give security for it.

Ques. At this meeting on Sunday was there a statement of the condition of the New Orleans National Banking Association submitted to you?

Ans. No, sir.

Ques. Are you sure of it?

Ans. He had no statement; I think Mr. Cavaroc had his tickler there, and we looked over his portfolio.

Ques. The portfolio of the Banking Association?

Ans. I think he had the tickler of the bank up there to show to a certain extent the condition of the bank.

Ques. Did you look over and examine it as to the Insurance Association?

Ans. No, sir; we did not.—It was a question of borrowing money.

Ques. Was it not discussed in that meeting whether you would make the loan to the Banking Association, or whether you would make it to the Insurance Association, and did not you presidents determine to loan to the Insurance Association because it gave better security, to wit, a mortgage on the bank building?

Ans. I do not remember that; I think the question was to loan to the Insurance Association on the security the association could offer.

Ques. Did you arrive at this room where the meeting was held before the discussion or proceedings commenced?

Ans. They were discussing it at the time I got there and kept on in it.

Ques. You were not there at first?

Ans. No, sir; I was not there at first; I got there when they

were in session talking about the matter. That is my recollection of the matter.

Ques. How did you understand this money that you advanced, or did loan to the Insurance Association, on the credit of a mortgage on its building, was to be used? Was it placed in Europe in time to prevent the protest of these bills having the endorsement of the New Orleans Banking Association?

Ans. Well, of my own right I sold a bill of £20,000 sterling to the Insurance Association which they remitted at once. It was distinctly understood by me—I don't know about the other gentlemen—that it was to prevent these bills coming back. And as I told you, it was collaterally for the bank too, but the State National Bank had no transactions with the New Orleans National Banking Association.

Ques. Were the banks of the city, at the date of this meeting on Sunday, generally strong in cash on hand and in an ability to meet the run of depositors?

Ans. I think they were in a very good condition.

Ques. No nervousness in their condition?

Ans. No, sir; not the slightest.

Ques. A run on Cavaroc's Bank then, you think, would not have affected other banks?

Ans. Well, I do not know; I cannot say. A run on any one bank might cause a distrust of the others. We have seen that since. The failure of the Citizens' Bank caused a run on the Bank of America; but things were in a very good condition during 1873, up to September.

By Mr. Rouse.

Ques. Were you aware that during the month of June, 1873, the New Orleans National Banking Association was losing its deposits very rapidly?

Ans. No, sir; I was not.

Ques. Were you aware of the fact that it was borrowing money and discounting its portfolio to a very large extent?

Ans. No, sir.

Ques. Did you hear of its borrowing early in June, from the National Park Bank of New York, $150,000?

Ans. I did not.

Ques. Had you heard of its discounting some $40,000 of its portfolio with the Bank of America in the month of June, 1873?

Ans. I did not hear of it, I think.

Ques. Did you hear of its discounting a large portion of its portfolio with the Mutual National Bank?

Ans. I was told by Mr. Fourchy that it had discounted.

Ques. Were you aware that it discounted a portion of its portportfolio with the Germania National Bank in June, 1873?

Ans. I do not recollect about the Germania National Bank.

Ques. Did you purchase any of its time exchange during the summer of 1873?

Ans. I did not; I was not satisfied with the character of these operations, and I declined to purchase them.

Ques. They were offered to you, then?

Ans. Yes, sir; they were on the market—the Insurance Association and the National Banking Association, also.

SAM'L H. KENNEDY.

Subscribed and sworn before me, March 3d, 1875.

F. A. WOOLFLEY,
Com'r of the Circuit Court of the U. S.

CLERK'S OFFICE, *ss:*

I, Francis A. Woolfley, clerk of the Circuit Court of the United States for the District of Louisiana, do hereby certify the foregoing to be a true and correct copy of the deposition of Samuel H. Kennedy, taken in the case of John Cockrem, receiver of the New Orleans National Banking Association, Nicholas W. Casey substituted as receiver, vs. The National Park Bank of New York et al., No. 7,072 of the docket of said court, offered in evidence, on behalf of the complainant in this cause, vs Charles Cavaroc & Son et al., No. 7,064 of the docket of this court, which is omitted in the transcript of appeal to the Supreme Court of the United States.

Witness my hand and seal of said court, at the city of New Orleans, this 14th day of January, A. D. 1878.

[SEAL.] F. A. WOOLFLEY, *Clerk.*

It is agreed by counsel for defendant and appellees, as well as for complainant and appellant, that the within supplemental transcript be filed as a part of the record in this case.

January 23, 1878.

J. D. ROUSE, *for Appellant.*

If printed.

THOS. ALLEN CLARKE.